

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2004



Department Of Public Works

REPUBLIC OF SOUTH AFRICA

Prepared by the Chief Directorate: Communications & Marketing, National
Department of Public Works, Corner Bosman and Vermeulen Streets, Pretoria.
Private Bag X 65, Pretoria 0001

Department of Public Works, South Africa

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RP: 185/2004



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1. General Information

Submission of the annual report to the executive authority

The Honourable

Ms SN Sigcau

Minister of Public Works

Minister, I have the honour of presenting the Annual Report for the Department of Public Works for the financial year ending 31 March 2004.

A handwritten signature in dark ink, appearing to read "T. Maseko".

James Maseko

Director-General

Department of Public Works

Date: 31 August 2004



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Top Management Structure



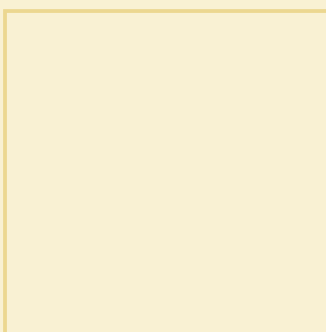
James Maseko
Director General



Sean Phillips
Chief Operations Officer



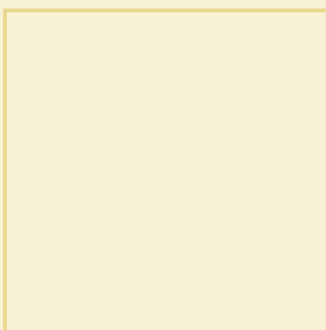
Zingi Ntsaluba
Deputy Director General: Finance and Procurement



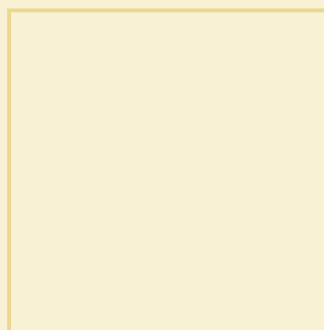
Vacant
Deputy Director General: Asset Management



Lydia Bici
Deputy Director General: NPWP and Policy



Vacant
Deputy Director General: Regions



Vacant
Deputy Director General: EPWP



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The Director-General's Overview

Businesses thrive in a dynamic environment. The business of Public Works is no different. The Restructuring of the Public Service under the aegis of Resolutions 7 and 8 as promulgated by the Department of Public Service and Administration presented us with an opportunity to take stock of our business and its future. Birth pangs aside, the result was a much more aligned and focused organization with an embedded sense of purpose and direction.

Successive strategic management workshops yielded a new vision, mission, values and a strategic intent to make ours **"a world-class Public Works Department"**. Impeccable client service, dutiful execution of our mandate, and eternal investment in the development of our human resources are the centre pieces of our strategic plan.

For the first time in many attempts, the decentralization of our operations became a reality, bringing service delivery to the doorstep of our clients. The advent of the Key Account Management concept will herald a radically new approach to client service – pioneering an integrated one stop service for cost effective delivery. A number of initiatives including Government wide immovable asset plan and Service Level Agreements are currently being undertaken. All this effort is calculated to give the Department of Public Works a competitive head start while creating and adding value to the state, as a major shareholder.

The fruitful cooperation developed with employees as represented by their unions particularly during the trying times of restructuring, was a good omen heralding the dawn of new relationships. The intention is to build on this foundation and create a people-centred organization characterized by the recognition (and reward) of the inherent value of a human endeavour to make a difference. This was the core message during recent nationwide road show to meet with and mobilize the staff. Only a motivated, willing and capable workforce can deliver the quality of service expected by clients.

The finalization of our business -process mapping and the improvement of our business supporting systems, should take us closer to our goal of delivering quality products and services - efficiently, effectively and ethically. This is non-negotiable.

In the new financial year, challenges will be immense but so will be the resolve to succeed. After all our shareholders, clients, publics and employees are the *raison d'être* justifying our business. We dare not disappoint them.

JAMES MASEKO

DIRECTOR-GENERAL

DEPARTMENT OF PUBLIC WORKS



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Minister's Statement

One of the key highlights for government in 2003/2004 was the publishing of a report on the implementation of government programmes entitled "Towards a Ten Year Review". The report sought to evaluate government's performance in realizing its objectives; and its findings did not disappoint. As its conclusion, the research "suggests that government has adequately met its objectives", but hastens to caution against complacency. The electorate will be the judge.

On this, the decade of our freedom, the prevalence and extent of rural poverty is a constant reminder that we dare not become complacent. Defined by limited access to economic opportunities and essential services, including lack of decent infrastructure, rural poverty has been the nemesis of our infrastructure development programme, Community Based Public Works Programme (CBPWP), for the last ten years. When the going became tough, we did not relent.

Over the past ten years, CBPWP strived to bring relief from poverty to the myriads of our poorest rural citizens. The programme created 167 000 job opportunities through the construction of 4047 infrastructure projects and empowered 50 000 youth and 80 000 women. The successful completion and subsequent launch of the Royal Chambers at various South African Great Places was a jewel on the crown. In the period under review, the Royal Chambers at Kaukeni and Nqadu were officially opened by the Deputy President and President, respectively. The announcement of the Expanded Public Works Programme (EPWP) to intensify job-creation efforts of government should find concrete foundation in the work done by programmes such as CBPWP.

Talking of concrete foundations, the Construction Industry continued with initiatives to accelerate the reform of the sector. The current status quo report into the performance of the industry should stimulate much needed debate in the industry when it is released in the New Year. Events such as the Construction Industry Conference in Durban in September 2003, the launch of the Sakhasonke Contractor Development Programme in Limpopo and the successful construction indaba at Port Elizabeth were just some of the many activities reflective of the intentions of the industry to spur itself forward. In my discussions with the industry at various forums including the imbizo visits and a stakeholder forum, I was left with an impression of steady progress.

Both the construction and property industries are vital in the provision and maintenance of our built environment including

public infrastructure. The Department of Public Works responded to the call of duty and delivered essential public buildings to government and its departments, as part of its core functions.

Of note were the completion and official opening of justice establishments at Khayelisha (by the President), Bluedowns and Leeuw Gamka in the Western Cape, thus bringing a step closer, government's vision to promote easy and affordable access to essential services for the previously disadvantaged communities.

The official hand-over and opening of the R115 million Berlin Embassy in Germany and the R76 million Kinshasa Chancery (by the President) in the Democratic Republic of Congo, once again confirmed the growing stature of South Africa in international relations.

As a Department, we look forward to the next decade with anticipation and intend to be central to government's resolve to halve poverty by 2014.

MS STELLA SIGCAU, MP
MINISTER OF PUBLIC WORKS



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Information on Ministry

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

The Minister conducted official visits to Singapore, Germany, United Kingdom, Democratic Republic of Congo and Malaysia during the period under review.

As part of her Ministerial Public Appearance Programme, (MPAP) the Minister honoured 43 such events.

(See MPAP under Appendix1)



**Ms Stella Sigcau, MP
Minister Of Public Works**



**Rev Musa Zondi, MP
Deputy Minister of Public Works**



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Vision, Mission and Mandate

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

Vision

"To be a world-class Public Works Department"

Mission

In pursuance of this vision the Department will strive to:

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

Values

we are:

- Accountable to the Government of the day and the South African public, and will conduct ourselves ethically and honestly at all times;
- Professional and competent leaders of the Construction and Property Industries, as well as public works programmes;
- Supportive and responsive to our clients and all other stakeholders, and always act with the required integrity when going about our business on a daily basis;
- Action orientated and striving for excellence in our work;
- Respectful to and supportive of all our colleagues in the Department and the rest of the public service; and
- Committed to the Department.

Legislative and other mandates

In terms of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), the President has allocated a functional mandate to the Department of Public Works. The mandate of the Department is also confirmed through the annual Appropriation Act and the Expropriation Act 1975. The State Land Disposal Act (Act No 48 of 1961) furthermore mandates the Minister of Public Works to carry out certain functions. In addition to the above, the Department administers the legislation listed in Appendix 2.



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Voted Funds

To be appropriated by Vote Statutory appropriations	R4 651 985 000
Responsible Minister Administering Department Accounting Officer	Minister of Public Works Department of Public works Director-General of Public Works

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

Key objectives and programmes

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

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

- Provide accommodation, housing and land for national departments according to prescribed standards and directives, in line with the proposed immovable assets policy framework and legislation
- Intensify the promotion of Black Economic Empowerment, including emerging contractors by giving previously disadvantaged contractors, both female and male, opportunities to tender for construction and maintenance contracts.
- Contribute towards advancing infrastructure delivery by means of the existing Community-Based Public Works Programme and the proposed Expanded Public Works Programme to meet the physical and social needs of the poorest communities, in particular, and the broader society, in general.
- Promote human resources development within the Department and through training and job opportunities for the poorest rural communities where public works programmes are initiated.
- Influence delivery and investment in the construction industry by implementing the provisions of the 1999 White Paper on Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry. The initial focus over the medium term now that the Construction Industry Development Board is established, is to work with the Board in deepening the transformation of the Construction Industry by means of various strategies.



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Programme Summary

1. Administration

provides for the overall management of the Department and renders support services to its core business divisions.

- 1.1 Office of the Minister
- 1.2 Deputy Minister
- 1.3 Management
- 1.4 Corporate Services

2. Provision of Land and Accommodation

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

- 2.1 Project Management
- 2.2 Property Management
- 2.3 Professional Services
- 2.4 Key Account Management
- 2.5 Asset Procurement & Operating Partnership System
- 2.6 Portfolio Performance & Monitoring
- 2.7 Property Portfolio Analysis

3. National Public Works Programme

promotes transformation in the construction and property sectors and to contribute to poverty alleviation, job creation and skills development through labour-based projects.

- 3.1 Construction Industry Development Programme
- 3.2 Property Industry Development
- 3.3 Expanded Public Works Programme
- 3.4 Community Based Public Works Programme

4. Auxiliary and Associated Services

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

- 4.1 Compensation for Losses
- 4.2 Distress Relief
- 4.3 Loskop Settlement
- 4.4 Assistance to Organisations for Preservation of National Memorials
- 4.5 Grant-in-Aid
- 4.6 Decorations for Public Functions
- 4.7 Government Motor Transport
- 4.8 Sector Education & Training Authority



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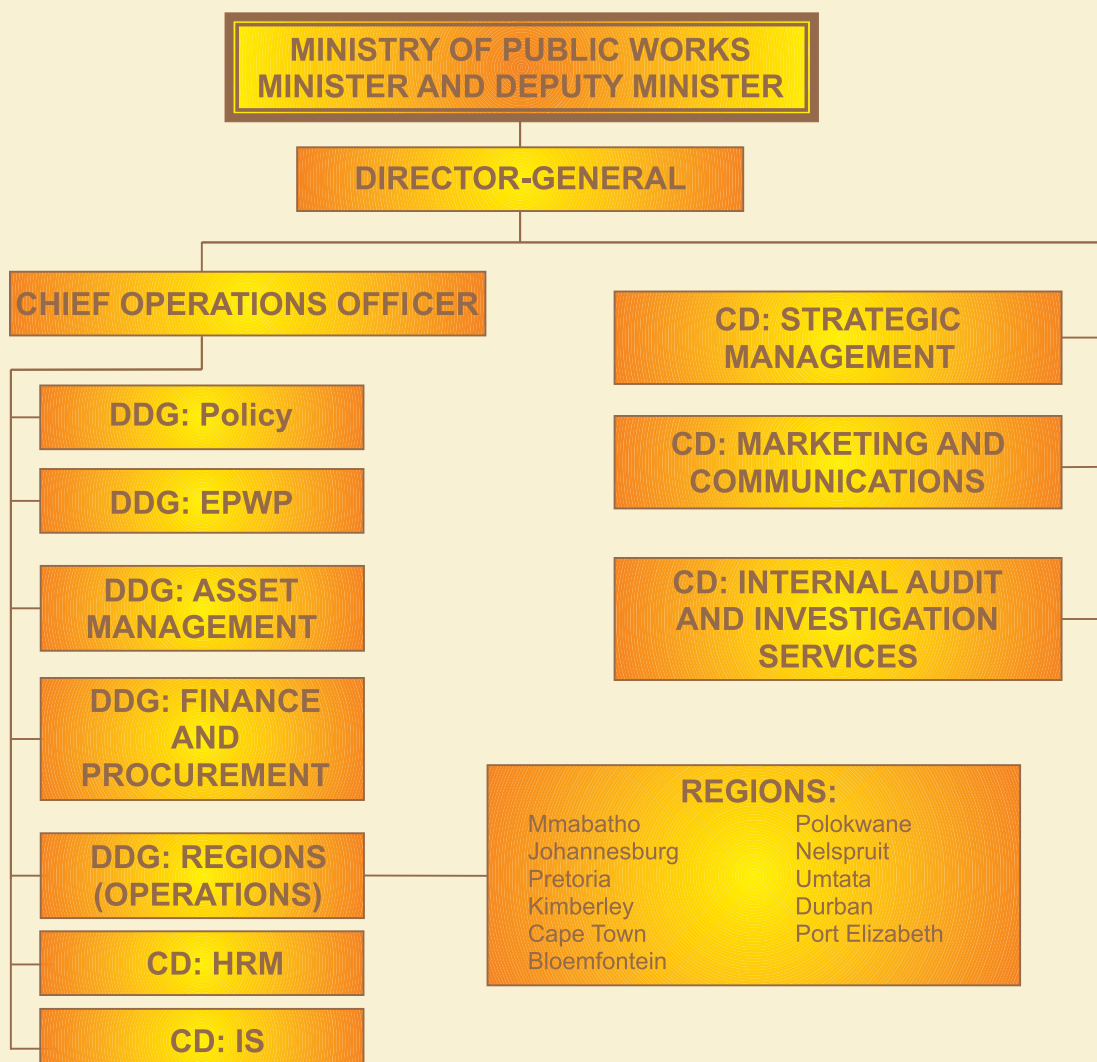
2. Programme Performance

PROGRAMME 1: ADMINISTRATION

2.1.1 The Restructured National Department of Public Works

The Department's high-level organisational structure with about 4 500 posts consisted of the following three Branches until 30 September 2003: National Public Works Programme (NPWP) & Corporate Services (CS), Accommodation and Financial Management.

A new organizational structure with 5549 posts has been implemented since 1 October 2003 with the overall objective to improve service delivery. A Chief Operations Officer position and additional Branches were created. A high-level depiction of the new organisational structure is given below:





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2.1.2 Internal Audit and Investigation Services

Background

The Internal Audit and Investigation Services was established on 1 October 2003 from the amalgamation of two Directorates i.e. Internal Audit Services and Fraud Awareness and Investigation.

Purpose

The purpose of Internal Audit and Investigation Services is to provide an independent, objective assurance and consulting activity designed to add value and improve the Department's operations and to assist the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of Risk Management, Control and Governance processes.

Challenges

- The Public Sector Internal Auditing approaches are still underdeveloped.
- Limited availability of qualified and experienced Internal Auditors adds to critical skills shortage.
- The implementation of the revised Departmental Anti-Corruption Strategy as well as the new Fraud Prevention Plan.

Achievements

- The Unit conducted a risk assessment which laid the basis for the development of the Departmental fraud prevention plan as part of corporate governance, in line with Cabinet requirements.
- A three year strategic internal audit plan for 2003 to 2006 was finalised and approved by Management and the Audit Committee of the Department.
- Assisted Management in promoting continuous improvement in the systems of internal controls within the Department.
- In addition to the Department's code of conduct, the Unit adopted a new Code of Ethics of the Institute of Internal Auditors.
- All the Internal Auditing Staff of the unit were offered professional training in the field of auditing.
- The unit continued to probe fraud cases with success e.g. R40 000 and R1.8 million fraud cases were uncovered in Kimberley and Nelspruit respectively.



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2.1.3 Legal Services

Purpose

To provide specialized legal services (including legislative drafting) to the Department; and ensure the sound administration and management of the Department's legal affairs.

Achievements

Given the litigation-prone environment under which the Department operates, the Directorate handled a total of 481 and successfully disposed of 185 cases from the previous years.

- Successful intervention in the Yellowstar (Pty) Ltd vs Minister of Land Affairs, Registrar of Deeds A.O. –matter to defend the principle that one level of Government cannot bind another (National) with an illegal transaction.
- Fruitful engagement with the Chief State Law Adviser to clarify the role and function of the Department's APOPS in relation to the Public Private Partnership Framework of government.
- Successful defence of the Manong and Associates (Pty) Ltd – matter in which the fairness and objectivity of the Department's procurement policy, in particular the roster for the appointment of consultants, was challenged.

Challenges

- Introducing specialization within the activities of the Directorate in order to be of better service to the Department as a whole; and,
- Ensuring that submissions received are qualitatively better, comprehensive and legally sound in order to explain the legal problems experienced.



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2.1.4 Communications & Marketing

Purpose

The Chief Directorate: Communications & Marketing exists primarily to manage the image of Public Works by coordinating all communication functions aimed at informing the public about the policies, programmes and activities of the Department.

Achievements

- For the period under review the unit successfully organized 43 public appearances by the Minister (see Appendix 1)
- Relations with established as well as community media houses continued for the year under review, triggered in most instances by the Minister's Public Appearance Programme. Community visits were preceded by media invitations, media alert and media releases.
- The Department through the Chief Directorate: Communications and Marketing, continued to be represented in all Government Communication initiatives and fora including Communication Clusters of government, namely Economic and Employment, Social as well as Governance and Administration.
- Five major exhibitions were displayed at Cape Town (Budget Speech), Construction Industry Conference in Durban, IFP Women's Brigade Conference, Small Business Overdrive in Port Elizabeth and NQADU Great Place during the President's visit.

Key challenges

To improve participation by Provinces in Public Works Communicators Forum.



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2.1.5 Information Systems

Purpose

To provide an enabling IT/IS environment for the efficient operation of the organization.

Objectives

- To ensure information security
- To improve infrastructure
- To model business processes
- To centralize IT procurement
- To manage business systems effectively

Challenges

- To assist NDPW in aligning with the eGateway initiative of the Government.
- To adhere to the Government Wide IT standards and policies (GITA framework).
- To align our IT policy with the recent ICT Charter.

Achievements

During the financial year of 2003/2004, the Information Services unit focused on the development of an IT strategy and improvement of infrastructure to prepare the environment for integrated business systems.

- Implementation of Information Security Services (ISS) – the aim is to enable the NDPW to apply an effective and consistent level of security to all information systems.
- Procurement and upgrading of infrastructure including personal computers, printers, routers, servers, switches etc.
- Replacing of the helpdesk system.
- Improvement of the Roster system.
- A number of key projects were initiated, the key one being the verification and modelling of the Business Processes, due for completion in 2004/2005, in order to enable the issuing of a tender for integrated business systems.



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2.1.6 The Strategic Management Unit (SMU)

Purpose

The purpose of the unit is to facilitate and promote Departmental strategic management processes.

Responsibilities

- Development of Corporate Strategy and monitor its implementation.
- Development, implementation of knowledge management strategy.
- Development of business analysis framework and facilitate creation of an enabling business process environment.
- Driving the change management programme.
- Provision of strategic support and advice to the department.
- Facilitate and manage corporate planning process.
- Broadly play a strategic oversight role and ensure compliance with government regulatory framework.

Challenges

Ensure that the Department's strategic goals are aligned to Government's key policy thrusts, and that our programmes serve the country's broad socio-economic imperatives including Black Economic Empowerment.

Achievements

- Produced the Departmental Strategic Plan and distributed 770 copies to Parliament.
- Convened a one-day workshop on linking strategic planning and budgeting.
- Convened 2 strategic review and planning workshops.
- Facilitated the drafting of the primordial value statement for the Department, which was adopted by the Top Management Committee.
- Compiled End of the Year Report for submission to the Presidency.



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2.1.7 Human Resources Management

Purpose

To provide Human Resources services to personnel across all levels within the department and ensure an environment conducive to people development and support, transformation management and advising in terms of restructuring issues.

Objectives

To successfully manage the transformation and restructuring of the Department in accordance with the Resolutions 7 and 8 of the Public Service restructuring.

Challenges

Following the implementation of the Resolutions 7 and 8 as part of the Public Service Restructuring, the Unit faces the following challenges:

- Finalization and stabilization of the organizational structure to address poor morale and improve productivity
- As a lead Department, finalize the review of the government-wide State Guarantee Policy
- Implement the skills development strategy to attract and retain critical skills in the competitive environment

Achievements

- Transformation – managing the Transformation Framework amidst uncertainty created by Resolutions 7 and 8 of Public Service restructuring.
- Winning the cooperation of the Labour Representatives during the Matching and Placing process in 2003/04.
- Conflict management – resolution of majority of disputes emanating from the Matching & Placing.
- Job evaluation – jobs of senior management posts were evaluated and implemented.
- Management development – a total of 111 employees graduated from the Management Development Programme which was offered through the University of Pretoria. Another 107 employees completed the Supervisory Development Programme offered by Maccaulei Training and Conference Centre.
- As the outcome of restructuring HR has acquired additional functions of Payroll Administration and Employee Assistance Programme (EAP). An EAP strategy has already been developed to address issues of employee well being and lifestyle management.



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Programme 2: Provision Of Land And Accommodation

2.2.1 Service Delivery Improvement Programme

The department has recently undergone a transformation process which is aimed at realigning its operations in order to deliver a high quality service to its client departments and other public stakeholders. As a result of this transformation, the regional operations of the department have been strengthened through capacity building and empowering the regions which will improve client oriented service. To give effect to the above, the Department conceptualised a comprehensive Service Delivery Improvement Programme for future implementation.

At its core, this service delivery improvement initiative will be aimed at confronting and addressing inadequate and poor performance issues related to the delivery of core services and functions. The programme will be based on industry best operating practices regarding production, quality, cost and performance measurement standards. The implementation of the programme will introduce management techniques that will further improve efficiency and effectiveness. A departmental task team has been established to oversee the initiation and implementation of this programme.

In line with our service delivery improvement programme's objectives, a generic Service Level Agreement has been developed to formalise service relationships between the department and its clients.

2.2.2 Key Account Management



Purpose

To ensure sustainable long term relationships with clients through translation of clients accommodation needs into value adding products and services.

Achievements

In the period under review, the intervention by KAM ensured that the Department of Public Works achieved full expenditure on Capital Works and Planned Maintenance.

Challenges

To implement the Service Delivery Improvement Programme to address among other things:

- Clients acceptance of service standards and willingness to sign off Service Level Agreements (SLA).
- The insistence by some clients to execute functions which are part of Public Works mandate.
- Failure by other Client Departments to timeously submit strategic needs and priority lists hampers the planning process.
- Percieved undue delays caused by acquisition, town planning and site clearance processes.
- Alignment of the DPW Strategic Plan with Client Departments' as part of improving service delivery.

Delivery milestones in the year under review included;

- New Generations Prisons: The prototype design for the four New Generation Prisons was finalised and consultants appointed.
- Local Criminal Record Centres: The repair and maintenance of these modern state of the art facilities was completed and handed over to the client in the period under review.



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2.2.3 Asset Procurement & Operating Partnership Sysystem (APOPS)

Purpose

Asset Procurement and Operating Partnership Systems (APOPS) is responsible for the procurement and management of accommodation related projects that are funded through Public Private Partnerships.

Achievements

The receipt of a SABS – ISO 9001: 2000 AWARD for the Kutama Sinthumule maximum security prison at Makhado, another product of APOPS procurement

Challenges

- To build specialised capacity within APOPS to attract and retain specialised skills
- To consolidate APOPS as an alternative procurement model within the National Treasury PPP framework

2.2.4 Professional Services



Background

With the decentralization of operations including major Capital Works and Planned Maintenance a core of professional services under the Chief Directorate: Professional Services was created and located at the Head Office. The Chief Directorate comprises of the following services, Architectural, Town Planning, Engineering (Civil, Structural, Electrical and Mechanical) Geotechnical Laboratories and Quantity Surveying

Purpose

To assist the organisation with norms, standards, policies and professional advice necessary for the Department to undertake its operations.

A. Architectural Services

The Directorate: Architectural Services was only formally constituted on 01 October 2003. Before that it existed in the form of architectural professional advisory services.

The Directorate ensures the formulation and application of appropriate policy and standards through the provision of architectural professional services to client departments, regions and consultants.

Achievements

- Conservation management plans for the management of Heritage Buildings were development in accordance with the National Heritage Resources Act.
- Central Architectural Plan archives were established to provide information to professionals timeously and cost effectively.
- Special and emergency investigations were successfully carried out into building posing an immediate threat to public health and safety.

B. Town Planning Services

Purpose

To provide land for the construction of new accommodation for National Departments through the delivery of a professional site clearance service.

Achievements

- The Directorate Town Planning Services negotiated the project execution plans of approximately 30 consultants, including town planners, civil and electrical engineers, EIA specialists as well as land surveyors.
- Close to 70 fee accounts for the above-mentioned professional services were verified and over-expenditure on the relevant projects was curbed.
- An amount of just over R8 million (R8, 602,682.30) was negotiated and payment verified to the Local Authorities of Klerksdorp, Kimberley and Nigel for the installation of bulk services required for the construction of the new generation prisons.



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- During the 2003/2004 financial year, the Directorate: Town Planning Services endeavoured to align its service delivery to the National Building Programme, containing the priorities of all Client Departments. This constitutes the Site Delivery Programme and this Directorate reported on progress and communicated delays to Clients through the Directorate: Key Account Management.
- Apart from the above, the Directorate was primarily responsible for the negotiation of Service Level Agreements with Local Authorities for four new generation prisons, including Nigel, Leeuwkop, Klerksdorp and Kimberley. The Directorate also formed part of the Steering Committee for the delivery of the new generation prisons.
- Four sites were released, including Nigel, Leeuwkop, Klerksdorp and Kimberley for the procurement work on new generation prisons to commence. The following four new sites were also identified and site creation is in process: Port Shepstone, Uppington, Paarl and East London.
- The Town Planning Services released approximately 40 sites for new Capital Works projects and additional accommodation at existing services.

Challenges

To expedite the turnaround times on site clearance.

C. Civil And Structural Engineering

Purpose

To provide advice of a structural and civil engineering nature

Achievements

- The unit participated and made submissions on behalf of the department in DWAF's initiatives (new waste discharge system and the white paper on water services).
- Approximately 150 Consultant's project design reports were evaluated and reported upon, in writing, during the period covered.
- Development and publication of four guideline documentation for Civil engineering consultants, design requirements, consulting engineers and design norms for "domestic and fire water storage and sewerage services"
- Facilitation and finalisation of a secure/long term water supply agreement for the Hoedspruit Air force Base, from the Blyde River dam.

- Participation in and further development of the Department's Dolomite Risk Management Strategy.
- An average of 80 water sources were analysed per month; 4120 chemical analysis were performed
- Technical specifications for the operation of drinking water installations as well as for the operation of sewerage treatment installations were compiled for inclusion in tender documentation.

Challenges

To develop in-house skills on Civil and Structural Engineering

D: Electrical And Mechanical Engineering

Purpose

To provide advice of an Electrical and Mechanical nature

Achievements

- The designation of new section 16.2 appointees to assist Director-General to carry out his responsibilities as prescribed by the Occupational Health and Safety Act were made.
- Health and Safety representatives and First Aid Officials have been appointed and a Health and Safety Committee established in Head Office.
- During July 2003, new regulations governing the construction industry were published under the Occupational Health and Safety Act. The department's standard contract document as well as the letter of invitation to consultants was changed to accommodate the requirements of these Construction Regulations.

Challenge

- All technical specifications, manuals and guidelines must be revisited and updated where necessary.
- The regional project managers must be trained in the application of the new Guideline Scope of Services and Tariff of Fees for engineering consultants.



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E. Geotechnical Laboratories

Purpose

The Geotechnical Laboratory, is primarily involved in quality control testing on building materials used on DPW building contracts.

Achievements

- A total of 632 concrete cubes were crushed.
- 696 laboratory tests of various types were undertaken on materials samples (mostly soil samples) and
- a total of 578 field tests (mostly density tests) were undertaken on various sites.
- On the geotechnical side, 10 geotechnical investigations which included a complete and detailed report in every case, were undertaken on sites.

Challenges

The development of Space and Cost Norms for Office Accommodation, Police Stations and Magistrate Offices and Norms for Office Accommodation will receive priority attention during the 2004 / 2005 financial year.

Challenges

- Challenges are to have control test results available on time so as not to disrupt progress of construction work.

F. Directorate Quantity Surveying Services

Background

This unit only came into existence on 1 October 2003. The following should however be highlighted:

Purpose

To provide professional Quantity Surveying inputs to internal and external clients

Achievements

- Documents are being updated regularly and captured on the Department's web site for easy access by consultants and other interested parties.
- A document to assist project managers with regard to the compilation and scrutiny of final accounts has been drafted and is ready for distribution.



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2.2.5 Portfolio Analysis & Portfolio Performance & Monitoring

Purpose

To provide a base for investment and disinvestment decisions through analysis of options for acquisitions, construction, renovation, leasing, space optimization and disposal of immovable property to optimize scarce use of resources for both client departments and government.

Government Wide Immovable Asset Management Framework

A government wide immovable asset management framework which sets out the policies and good practices, has been formulated. Consultations to legislate the framework with various stakeholders on this policy framework are currently underway.

It is anticipated that it will be translated into a Bill in the near future. The Department is finalising practical guidelines that will assist the various tiers of government including client departments on the application and implementation of the soon to be legislated Bill in line with the requirements of the PFMA.

Asset Register

A multi year project is underway to finalize the consolidation of the asset register particularly as it pertains to the delineation of asset management obligations between the national and provincial governments as espoused by the Constitution. As part of a decentralisation strategy, the Regional Offices of the will help fast track the active "population" of the asset register in their respective regions, collectively leading to a centrally comprehensive and operational management tool.

2.2.6 Project Management

Repair And Maintenance Programme(RAMP)

Purpose

The objective of the programme is to address the disrepair of facilities and a significant backlog associated with maintenance.

Since its launch in October 1999, RAMP has awarded about R1, 9 billion worth of contracts through 294 contracts of which 206 worth R1, 28 billion were for the Affirmable Business Enterprises. The Programme also made appointments for 491 Professional Consultants with a total value of R262 million of which 48% went to Affirmable Professional Service Providers (APSP) as contribution to Black Economic Empowerment. . Beneficiary client departments included Correctional Services, Police Services, Defence, Labour, Environmental Affairs, Justice, Revenue Services and Home Affairs. A comprehensive lift repair and maintenance initiative for various government-owned buildings is also in place. At least 80% of RAMP is funded from clients budget.





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The following table indicates the contracts completed on the RAMP to date and their respective values:

Item	Client Department	No. of Contracts	Contract Values (R million)
1.	Correctional Services	76	747
1.1	2001 / 2002	6	31
1.2	2002 / 2003	26	193
1.3	2003 / 2004	44	513
2.	Fishing Harbours	2	4
2.1	2003 / 2004	2	4
3.	SAOS	5	11,3
3.1	2002 / 2003	1	1,7
3.2	2003 / 2004	4	9,6
4.	Defence	31	98,5
4.1	2003 / 2004	31	98,5
5.	Lifts	0	0
GRAND TOTAL		114	868,8



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Achievements associated with the RAMP

Numerous achievements can be accredited to the introduction and implementation of the Repair and Maintenance Programme, including the following:

- Effectively addressing the part of the backlog of the repair and maintenance of State owned assets and facilities.
- Dysfunctional facilities have been returned to an optimally functional condition.
- The consumption of municipal services (e.g. water, electricity, etc) has been reduced.
- In many instances, obsolete and / or under designed facilities and equipment have been appropriately replaced.
- Structured, planned and cost effective maintenance programmes have been created for the ongoing utilization of facilities and equipment.
- An effective tracking mechanism for reporting and recording the implementation of repair of breakdowns, has been established by creating a nation wide Call Centre for some clients. In addition to tracking, the repairs are categorized as ordinary, emergency or critical. Provision is also made to record repairs due to third party damage and repairs undertaken using User Client resources.
- The working environment for many State employees at numerous facilities has been improved with a resultant increase in efficiency and productivity.
- The quality of life of inmates at Departmental of Correctional Services prisons, has been enhanced.
- Departmental maintenance and operation personnel have been trained in more appropriate maintenance and repair techniques.
- Certain equipments (e.g. boilers, water and sewage treatment plants, etc) are now being effectively operated, resulting in extended life expectancy and a reduction in replacement costs.
- New Affirmative Business Enterprises (ABEs) have been identified, established and trained in appropriate business related skills.

- The sustainability of the established ABEs has been enhanced by the inclusion of minimum quotas of appropriate work in contracts.
- Retention of work for the construction and maintenance industry and associated increases in job opportunities.
- Hands on experience for the development of APSP consultants.
- Empowerment of public sector officials through an increase in project management skills.

Comprehensive ten year maintenance plan

The Department has determined the total backlog of maintenance of state- owned buildings and installations; addressing repairs and continuous maintenance. A long term maintenance plan based on 10, 15 and 20 years funding scenarios was developed and has since been submitted to National Treasury.

New generation prisons

The design for the new generation prisons have been completed and the construction of four new prisons will be during 2005 and 2006. The four prisons will be built in Kimberley, Klerksdorp, Nigel and Leeuw-Kop in Johannesburg.

Each Prison will be built at an average cost of R330 million with a 24 month construction period. To create opportunities for small medium and large construction companies the building work has been divided into 20 separate nominated subcontracts ranging from R1 million to R20 million. The main contract will be approximately R120 million.

The Incubator Programme will be launched on these projects. Registered contractors will tender and the 17 sub-contractors will do the work as nominated sub-contractors.

Capital works

The Building Programme of capital works projects is extensive and comprises new constructed buildings and major repairs and upgradings.

Some capital projects which were executed in the period under review include:

Port Elizabeth and Khayelitsha Magistrate Offices, Bisho Shooting Range for SAPS, Repair and Maintenance of 12 Proclaimed Fishing Harbours, the completion of the Kinshasa Chancery & Diplomatic Village as well as the Berlin Chancery.



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2.2.7 Leaseholds And Acquisitions

Introduction

For the period under review, the Directorate: Leaseholds & Acquisitions has been located at the Head Office until final devolution to the Regional Offices. The execution of the functions that pertain to Acquisition and Leasing were fully devolved to these offices.

A new Directorate: Property Management: Regional Support was created at the Head Office to render support to regions in areas of Property Management including Leasing and Acquisitions.

Leaseholds

A total leasing amount of just over a billion rand (R1, 07 billion) was spent in 2003/04 indicating increasing demand and associated costs for accommodation and space.

Acquisitions

Seventeen new properties were acquired and registered at the Deeds Office, at a total cost of R16, 77 million. The majority of these properties were for the purposes of accommodating South Africa Police Services (SAPS) as well as the National Directorate of Special Operations (SCORPIONS). Preparations are at an advanced stage to finalize the R2,3 million acquisition of 4,064 hectare of land for the South African Revenue Services in support of the Golela Border Post development in Mpumalanga.

The State, through the Department of Public Works, also purchased back a property at the Parliament precinct in Cape Town R6, 3 million from the British High Commission.

2.2.8 Non Commercial Disposals

In the period under review the Department disposed of one hundred and twenty one (121) properties in extent of four thousand five hundred and sixty five (4565 ha) hectares with an estimated market value of forty five million rands (R45 million). Ninety properties measuring 2 539,7955 ha with an estimated market value of more than three million rand (R3,2million) were disposed in support of the land reform initiatives of government. This included one of the largest gratis transfers of the Thabazimbi farm in extent one thousand four hundred hectares (1400 ha) to Baphalane-ba-Mantserre Community Development Trust in Limpopo and the 144,0244 ha Ndongini Farm, Port Shepstone to the Ndongeni Communal Property Trust in KwaZulu-Natal.

The rest went to the development of low cost housing and related municipal infrastructure (10) including 834,3418 ha in Mpumalanga to the Mpumalanga government and Mbombela Town Council, government to government transfers (7) and commercial gain (14). Three properties in Western Cape, four in Gauteng and two in KwaZulu-Natal were sold for commercial gain.

2.2.9 Commercial Property Disposals

Policies and procedures governing commercial disposals have been refined to achieve optimal financial and socio-economic benefits for the State. The commercial disposal of superfluous State-owned properties is dealt with through an open and transparent tender process and embodies the principles of ensuring financial returns for the State, creation of commercially viable developments, enhancing returns for the development of local communities, protection of the environment and promoting Black Economic Empowerment.

The concept of calling for development proposals in commercial disposals was introduced in the Department in 2001 and it was decided to reassess the process. The Minister has subsequently approved the following changes in the commercial disposal policy –

properties not exceeding 1 ha in extent, will be adjudicated on the financial offer (60 points) and empowerment criteria (40 points) only properties exceeding 1 ha in extent but not exceeding 25 ha, will continue to be dealt with on the basis of development proposals and adjudicated on the existing financial, developmental and empowerment criteria whereas properties exceeding 25 ha in extent, will not be disposed of directly. In such cases, interested parties will be invited to submit a Request For Qualification (RFQ) in order to compile a short list of capable tenderers. Thereafter, development proposals will be invited from the short listed entities only and adjudicated on the existing financial, developmental and empowerment criteria.

During the above period the directorate dealt with the drafting of agreements and management of the disposal of the eight (8) properties in extent 423 ha.



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Programme 3: National Public Works Programme

2.3.1 Construction Industry Development Programme

Aim

The Construction Industry Development Programme was established to develop policy, programmes and strategies aimed at the development, transformation, and regulation of the South African Construction Industry.

Highlights of 2003-2004

Performance review the Statutory Bodies

Eight pieces of legislation, enacted in December 2000, established:

- The Construction Industry Development Board (CIDB) to promote industry growth, delivery and best-practice performance of clients and suppliers.
- The Council for the Built Environment (CBE) to promote uniform application of policy and improved coordination between the professions and Government for the attainment of development.

The unit has developed a performance and management tool for performance measurement of the statutory bodies that are administered by the Department. This tool is based on the South African Excellence monitoring tool. It is designed to monitor and measure whether the statutory bodies are still in line with government policy and are implementing what they are mandated to implement. The unit has also conducted a review of these institutions as part of its management function.

Best Practice Industry Performance

As leaders of this industry, the department champions and promotes best practices that would enhance growth and development of the industry. The policy unit has developed and championed a number of strategies aimed at improving the performance of the construction industry. These include:

HIV/Aids Awareness Strategy for the Construction Industry

Research conducted by various construction industry stakeholders indicated that the construction industry has the third highest incidence rate of HIV/AIDS per sector in South Africa.

It is in this context that the policy unit developed a strategy and programme aimed at creating awareness about the HIV/AIDS pandemic in the construction industry. The core of the HIV/AIDS awareness strategy hinges on construction companies, employers and construction workers making a commitment and a conscious effort to effectively address this pandemic within the sector. The strategy was piloted in four DPW projects for testing. It has now been finalised and is being rolled out for implementation in all DPW projects and to provincial departments of public works. It is planned that the strategy will be rolled out to all infrastructure departments and local municipalities soon.

Delays in Payment

To counter the problem of delayed payments, a complaints website linked to the Department's website has been developed and is operational. The website is designed as a tool for consultants and contractors to lodge complaints relating to late or non-payment of construction related services.

This process adds substantial value towards sustainability of contacting enterprises, especially the small and emerging enterprises.

Streamlining the Construction Industry Regulatory Framework and Targets for Industry Improvement

Regulatory Framework

The Department has concluded a review on the regulation of the industry. The main focus of the review was to assess the status quo of how the industry is regulated and who is actually regulating it. The main aim was to develop a framework where the regulation of the industry would be streamlined.

Key findings of the review are:

- building regulations and standards environment is fragmented.
- the fact that there is more than one department involved in the regulation of the building industry impacts negatively on the development process.
- very little innovation has taken place in relation to regulations and standards.

As part of the recommendations of the review, a strategy for enhancing building regulations and standards was developed.



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Skills Development

Strategy for the built environment professionals

The Department has developed a strategy for South African built environment professionals with the aim of enhancing the construction industry's capacity and performance. This strategy consists of three main components:

- Capacity Development (including the transfer of knowledge and skills)
- Enhancement of innovation and technology;
- Creation of an enabling environment.

Mechanisms to implement the strategy include Voluntary National Service; establishing technology transfer centres; rethinking institutional arrangements and mechanisms relating to the built environment professional councils; stabilizing and developing research capacity for standards and codes of practice and establishing a Register of Professionals to track their competence frameworks and professional development.

Voluntary National Service/Skills Development Through

Military Skills Programme

To sustain long-term service delivery and economic growth in South Africa, the Ministries of Defence (MOD) and Public Works (DPW) have embarked on a skills development initiative through the Military Skills Development Programme (MSD) at SAS Saldanha as a pilot for future Voluntary National Service. The Engineering Services Corps of the South African National Defence Force (SANDF) will be re-established with the intention of meeting the development needs of South Africa.

This skills development programme has seen the intake of 57 built environment graduates in the period under review who will receive basic military training and further functional training in areas which include: built environment professionals, vocational skills for the construction industry, public sector delivery management, public and development managements skills, national public works extension officers etc

The Department will conduct a skills audit of various Government infrastructure Departments' to identify skills requirements in 2004. At the completion of the first year of training in the MSD Programme, graduates will then be deployed to Public Works Offices, District Municipalities and other Government infrastructure Departments' where their knowledge and skills will be applied.

In certain circumstances, graduates will be selected and deployed for developmental peacekeeping missions in Africa as and when required as part of South Africa's contribution to NEPAD.

Transformation framework for the Construction Industry

Transformation Framework

The transformation framework is designed to be the position of Government and be developed further so that it can be used as a negotiating position when the construction sector summit is convened. Consultation among government departments is underway before presentation to NEDLAC. The framework will guide government and industry in ensuring that the industry develops, transforms and grows.

The Construction Black Economic Empowerment Charter

The construction industry is one of the industries that Government has prioritized for transformation and empowerment. As such, the industry has to develop a charter that will lay basis for transformation and empowerment in relation to direct empowerment (ownership), indirect empowerment, human resource development, and other socio-economic objectives (environmental, health and safety, labour practices). The charter will encompass such aspects as weighting in these areas of empowerments. The most challenge and contention will be on the establishment of targets. The targets will be established and enforced.

Promotion of the Construction Industry

The South Africa construction industry is experiencing similar problems as other countries (including developed countries) in relation to its bad image. Most of the problems in the industry are attributed to the bad image of the industry and its poor performance.

The department is in the process of developing the strategy to promote the industry. The strategy will include aspects such as Construction Week, targeting scholars and institutions of higher education to encourage them to see the industry as a favourably career destination.



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The Emerging Contractor Development Programme (ECDP)

Overall there has been a noticeable increase to number of awards to individual contractors on the database. However, because of the ever-increasing number of contractors registering the Department has opted to fine-tune its focus towards developing those contractors, who have potential to perform to increase their market share and be counted amongst industry leaders.

Currently about 3700 contractors are registered on the ECDP database. Most of these contractors are not fully-fledged contractors. They only participate on contracts where specific trades are required. They also do not have the required competencies to perform to acceptable standards. They mostly focus on quotation jobs of up to R100 000 and are largely unsustainable.

Development and promotion of the emerging sector

In the Financial year 2003/2004 contracts to the total value of R791 million were awarded to affirmable business Enterprises (ABE's). This includes 11 % which was awarded to Women Owned Enterprises (WOE's) with a value of R 88 million.

The partnership with DTI agencies has been consolidated. This include Khula enterprises in providing the much required credit guarantees and the Tender Advise Centres in terms of assisting contractors with access to information on tender opportunities and assistance on tendering. Partnership with the IDC has provided contractors with access to finance, without which contractors would have been unable to execute their contracts.

Women in construction

Contracts to the total value of R88 million were awarded to women owned business enterprises. See table for the distribution across the regional offices.

The DPW commissioned a review of the Women in Construction initiative which indicated that issues complicating the growth and active participation of women owned business enterprises are similar to those affecting emerging contractors. These include but are not limited to those listed below:

- Misperception regarding the entry level to the industry initially attracts contractors, but lack of bridging finance and skilled resources prevent meaningful participation.
- Demand conditions required for small businesses growth are not adequately met. This is due to the local fluctuating conditions of the market.
- Client related constraints such as late payment.
- Contractor related constraints such as lack of business management skills.

The ECDP is under review to determine a more appropriate approach to the development of artisans and trades / specialist contractors in the building and construction industry. It is recognised that currently the ECDP typically provides access to work but is not effective in the building of a core of qualified tradespersons or artisans.

The proposed realignment of the ECDP will rebuild the core of tradespersons and artisans, through linking opportunities with the provision of accredited learnerships. The realignment and implementation of learnerships would be done over a reasonable period, after which the use of qualified persons and the provision of learnerships to trainees would become the norm. Qualification will promote performance improvement and will ensure that a core of competent tradespersons and trades / specialist contractors is built.

Incubator strategy

Given the number of contractors (in particular those participating in the under R500 000 projects range) only a few are sustainable and the cost of contractor development is consequently extremely high. The DPW has developed, and is about to launch an Incubator programme to promote the development of sustainable emerging contractors.

The purpose of the incubator programme is to create an enabling environment within which selected existing contracting enterprises can develop into sustainable contracting enterprises so that the Department of Public Works may ensure that black-owned medium-sized contractors are developed to become sustainable businesses.



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Link to the CIDB Register of Contractors

The registration of contractors on the Incubator will be aligned to the CIDB register of contractors.

The Register of Contractors provides clients with a means of identifying potentially emerging enterprises for targeted contractor development programmes (such as the incubator programme).

The data on the register of contractors facilitates the design of such programmes. The DPW has made registration on the CIDB register of contractor a requirement for participation in the Incubator programme

Fronting

Fronting and its perceived implications for the construction industry pose a great threat to the realization of government's vision for the economic transformation of the South African economy. The CIDB register of contractors and other related procurement policies are the main tools through which the DPW intends combating 'fronting'. Currently the DPW is in a process to develop a register of suppliers. Suppliers will be invited to register and that will be followed by a proper qualification process in terms of their empowerment profile. The BEE charter will guide the requirements for such an empowerment profile.



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2.3.2 Community Based Public Works Programme

Objectives and targets

The CBPWP was founded on three main objectives, namely:

- Creating short term employment opportunities for community members by means of construction of public assets.
- Creating sustainable employment opportunities by facilitating micro business opportunities associated with the community assets created.
- Building the capacity of communities through linking project implementation with training.

The CBPWP targeted the following groups:

- Local labour: at least 30% of the project budgets are to be spent on local labour.
- Women: at least 50% of the people employed should be women.
- Youth: at least 15% of the people employed should be youth; and
- Disabled: at least 1,5% of the people employed should be those with disabilities.

In the 2003/2004 financial year, the Department of Public Works made R23 million available for its Revitalization Programme, to revive public assets that have fallen into disuse.



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2003/2004 year of implementation (R274 million)

Province	No. of District Municipalities	Special Projects	Total Budget
KwaZulu Natal	10 district municipalities		R 70.13m
Eastern Cape	6 district municipalities		R 73.2m
Mpumalanga	3 district municipalities		R 25.5m
Free State	1 district municipality		R 6.4m
North West	1 district municipality		R 10.4m
Limpopo Province	6 district municipalities		R 63.6m
Western Cape	1 district municipality		R1. 0m
		Allocated to IDT for sustainability of CPCs	R12.13m

Achievements

A total of 415 projects were created through the CBPWP in 2003/2004 and this created 23 196 employment opportunities.



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2.3.3 Expanded Public Works Programme

Background

In 2003/2004, the Department of Public Works was given the responsibility to coordinate the Expanded Public Works Programme, one of the government's key programmes to alleviate poverty through investment in social infrastructure and job creation targeting the unskilled and lowly educated. All spheres of government will contribute towards achieving the targets of the Expanded Public Works Programme, through the implementation of projects in one of the four sectors of the programme, namely the infrastructure environmental, social and economic sectors. These other sectors are headed by the departments of environment and tourism, social development and trade and industry respectively.

As the national coordinator of the EPWP and the lead department of the infrastructure sector the responsibilities of DPW are to ensure that a comprehensive enabling framework is in place for execution of this programme and that all national departments, provinces, municipalities and state owned enterprises commit and contribute to achieving the goals of the EPWP.

Milestones in the establishment of the EPWP

- A comprehensive business plan was developed, work shopped and finally submitted to Cabinet in November 2003 for approval and adoption.
- A special "EPWP unit" to coordinate this programme was created in the Department. All the posts for this unit were being advertised and the positions in this unit were expected to be filled by early 2004/05.
- Another crucial part of the enabling framework was to ensure that sufficient budgets were allocated to execute projects under the EPWP. Through the Provincial and Municipal Infrastructure Grants R15 billion of these grants have been allocated to EPWP projects over the next five years, representing approximately one third of the total R45 billion that will be distributed to provinces and municipalities through this mechanism over this period. The Division of Revenue Act requires that provinces and municipalities execute all low-volume roads, storm water drains, trenching and sidewalks funded using these grants labour intensive construction methods.
- A comprehensive set of guidelines for implementation of labour intensive infrastructure projects under the EPWP has been prepared by the department and accompanies the conditions placed on the provincial and municipal infrastructure grants. These guidelines have been distributed to every department; province and municipality in the country and additional training on the use of these guidelines will be provided to these implementing authorities by the Department of Public Works.
- The training to which every worker in the EPWP will be entitled will be funded and provided through the Department of Labour. A Memorandum Of Understanding between Public Works and Labour has been signed allocating funding from the National Skills Fund to pay for the training of every single worker upon exiting the EPWP.
- Furthermore the department has together with the construction SETA and DFID put in place 10 accredited courses (unit standards) in the design and management of labour intensive infrastructure projects. These SAQA accredited courses at NQF levels 7, 5, 4 and 2 are appropriate for officials, consultants, contractors, site supervisors and foremen and will enable these role players to acquire the necessary competencies to effectively implement EPWP projects around the country.
- In addition together with the Construction SETA, the DPW established a contractor learnership programme to which all provinces and municipalities have been invited to participate. 750 contractors and site supervisors will enter into learnerships in this programme and collectively they will execute more than R500 million of EPWP projects over their two-year learnership period. Financial institutions will be invited to submit proposals of cooperation for the financial and overdraft support of all contractors that meet the agreed upon selection criteria.
- In anticipation of the launch and implementation of the Programme in early 2004/05, a comprehensive communication and marketing was formulated in February 2004 with the help of the Government Communications & Information System (GCIS). A creative agent was appointed to give creative direction to the EPWP Consumer Awareness campaign.



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AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2004

In meeting its responsibilities and in the execution of its duties, the Audit Committee is required to consider the adequacy and effectiveness of internal controls employed by the department, and carry out its own evaluation of the annual financial statements of the department for reasonableness and accuracy. To this end, the Audit Committee has during the year under review, inter alia:

- Reviewed the activities of the internal audit function to determine the effectiveness thereof and to ensure that no unjustified restrictions or limitations were made. The Committee was instrumental in capacitating the internal audit function by seeing to the co-sourcing of this function with the PriceWaterhouseCoopers consortium
- Reviewed the internal audit reports, including the response of management to issues raised therein
- Reviewed the external audit scope to ensure that the critical areas of the business are being addressed
- Reviewed the external auditors report including the issues arising out of the external audit
- Reviewed the operational effectiveness of the department's policies, systems and procedures
- Reviewed the effectiveness of the system for monitoring compliance with relevant laws and regulations
- Reviewed the quality of financial information
- Reviewed the annual report and financial statements

Based on the outcome of the aforementioned reviews and information provided by management, we are of the opinion that by and large the internal controls of the department operated effectively during the year under review. We are however concerned by the internal control deficiencies raised by the Auditor General in the debtor management environment. We have taken note of the steps taken by management to address the weaknesses identified and will monitor these closely in the forthcoming months.

Review of the Annual Financial Statements and the Audit report

The Committee reviewed the financial statements and is reasonably satisfied that the financial statements have been prepared in accordance with the relevant provisions of the PFMA and the Reporting Framework issued by National Treasury.

As regards the audit report, the Audit Committee has noted the qualification and will closely monitor the progress that the department and National Treasury work towards with a view to resolving the problems that had given rise to the qualification.

Composition of the Audit Committee

The following persons constituted the Audit Committee during the year under review:

Mr. A Sangqu	Chairperson (External Member)
Prof. D.B. van der Schyf	(External Member)
Mr. E.T. Maboea	(External Member)
Mr. Z Ntsaluba	(Internal Member)

A Sangqu

Chairman: Audit Committee

28 July 2004



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MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2004

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

1. General Review of the state of affairs

The department has in the past financial year undertaken major strides to enhance and consolidate its mandate and improve service delivery. Restructuring and transformation in the last four years resulted in an increase in personnel and administration expenditure due to management and administrative capacity that needed to be addressed. Beefing up capacity in the regional offices at both management and operational levels was followed by decentralization of functions. This led to increased expenditure patterns with an average percentage increase of 27% per annum.

An overspending of R30.36 million is reported in the year under review. As would be fully explained below, the said overspending is as a result of bona fide costs incurred in pursuance of the department's mandate. It has been properly classified as unauthorised expenditure in the Statement of Financial Performance.

In some of the regional offices there was a huge backlog in the payment of Rates on State Property during the 2003/04 financial year arising from the continuous exercise undertaken by most municipalities in the country to identify properties that had not been rated in past. As some of such properties are government properties, the department became liable for the payment of such arrears. Although additional funding was received during the Adjustment Estimates Appropriation Bill in November 2003, such allocation proved inadequate. In order to address the budget deficit internally, the department identified "maintenance" as an area where saving will be generated because expenditure in this sub-programme as well as "Capital Works" sub-programme was moving very slow during the course of the financial year. Most of the regions attributed this slow pace of expenditure to delays in tender processes. In an attempt to correct the situation an intervention strategy, aimed at accelerating expenditure on these two sub-programmes, was designed and implemented as from January 2004. The result of the strategy was that expenditure moved faster from February and March. Although there were control measures in place to ensure that the allocated budget would not be exceeded, the unexpected enormous increase in the rate of expenditure, especially during March 2004, made our controls not to be adequately effective.

Included in the total amount of over-expenditure is an under spending of R5, 714 million on Community Based Public Works Programme (CBPWP) projects that are implemented at Municipal level.

Based on the assessment made by the department, the amount of over-expenditure is bona fide and is in accordance with the purpose of both the vote and the main divisions within the department's vote. The condonement of overspending will be solicited from SCOPA

2. Progress with financial management improvement

Following the restructuring of the department, which resulted in the reconfiguration of some of the functions, the risk management and the fraud prevention plans were reviewed and updated to address the identified potential risks of the new configuration. To ensure that Financial Management remains sound in the Department, the Department has entered into the co-sourcing arrangement of Internal Audit Services with a consortium of accounting firms led by PricewaterhouseCoopers.

It is believed that this will yield positive results in uncovering unacceptable financial management practices whilst also inculcating sound corporate governance ethos within the department. The archaic management information systems have inhibited optimum planning and execution of previously determined strategic initiatives such as "user pays". In recognition of this problem, the department has during the year under review, begun re-engineering its business processes with a view to developing integrated management information systems. During the year under review, the department investigated the development of an affordable system with regard to the valuation of the State property portfolio that complies with accounting standards. Due to the nature in terms of the number and value of the assets owned and managed by Government, as well as the complexities (both structural and legislative) it was not possible to perform a project of this nature and scope on all State owned properties in one project. A "proof of concept" for the valuation was carried out to determine a proposed valuation model to arrive at a reasonable derived value for State land and buildings given the available information. The findings brought us to the conclusion that the values reflected on the various systems (Public Works, Land Affairs as well as municipalities) cannot be used and therefore a project should be established to obtain the information required to perform adequate valuation of State Properties. A selected sample of Tshwane inner city buildings had been used to test a model for possible adaptation and future general use on the State property portfolio – the study is currently underway.

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3. Performance Information

Below is the tabulation of key outputs, indicators and targets at programme level.

Table1 : Programme 1: Administration

Subprogramme	Outputs	Service delivery indicators	Targets
Administration	Policy development	Policies that enhance service delivery by increasing operational efficiency	Fully restructured Department by March 2004
	Management of programmes	Efficient, effective and economical utilisation of resources	On going basis
	Support service to the department	Align business process activities that support management decisions	On going basis

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Table 2: Provisioning of Land and Accommodation

Measurable objective: To supply all national departments with suitable accommodation economically in support of service delivery.			
Sub-programme	Output	Measure/Indicator	Target
Capital works (Public Works)	Provision of accommodation according to clients' needs	Percentage of projects delivered as per contractual conditions	100% spending
Office accommodation, official quarters and unimproved property	Provision of leased accommodation to various national client departments	Number of leases procured and managed	6 000
Maintenance, repair and renovation of buildings	Well maintained buildings	Percentage of requests successfully attended to	100% spending
Promotion of the building and construction industries	Empowerment of previously disadvantaged role-players	Number of contracts awarded to previously disadvantaged role-players	20% increase from the previous year
Municipal services	Payment for municipal Services rendered to client departments	Percentage of correct and timeous payments of municipal services	98%
Rates on State Properties	Payment of rates on all State owned properties	Percentage of correct and timeous payments of municipal rates	98%
Investigation of sites and ground formation	Execution of geotechnical services on site and in laboratory	Percentage of accurate inspections rendered	98%
Interstate Boundary Fences	Maintenance of fences and patrol roads on international boundaries	Number of defects	Zero defects

Rates and Taxes

The Department pays municipal rates and taxes for both provincially owned and nationally owned government properties (65 per cent and 35 per cent respectively). It is envisaged that from April 2005 the budgets relating to the properties of specific provinces will be surrendered to them. For municipal services, the Department is only liable for national government departments.

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Table 3: National Public Works Programme

Measurable objective: To stimulate and regulate the built environment in order to empower the previously disadvantaged, and alleviate poverty by creating community assets and jobs.			
Sub-programme	Output	Measure/Indicators	Target
Construction Industry Development Programme	Regulation and monitoring of the construction industry especially with regard to empowering emerging contractors and women	Percentage of emerging contractors and women empowered	30 per cent of contracts awarded to emerging contractors and 5 per cent to women
Community-based Public Works Programme	Provision of infrastructure to poor communities	Number of communities having access to the infrastructure	320
	Job opportunities	Number of short-term and permanent jobs created	25 000 short-term and 500 permanent jobs by March 2004.

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Recent Outputs of the Community Based Public Works Programme

Since the Programme was realigned in 1997, the CBPWP has provided employment for over 150 000 poor South Africans, almost half of whom were women. It has constructed 3000 assets in poor rural communities, and given ownership to local authorities and/or local user groups. Despite working in a participative manner, where local communities set the pace, the CBPWP has spent R1.4 billion since 1998

4. Activities to be discontinued

Following the Cabinet decision to rationalise the funding for the poverty alleviation programmes, the Community Based Public Programme will be discontinued with effect from 01 April 2004.

5. Public entities reporting to the Minister

The following are the public entities reporting to the Minister: -

Independent Development Trust

The IDT was formed to manage an amount of R2 billion, which was made available in July 1990 for socio-economic upliftment projects. The primary goal of the Trust is to use its resources, without regard to race, sex, creed or ethnic origin, in ways, which in the opinion of the Trustees will best serve to promote the development of disadvantaged people in South Africa. No transfer payments were made by the department to the Trust to fund its operating costs. The IDT managed on behalf of the Department of Public Works a range of programmes within the Community-based Public Works Programme portfolio during the year under review.

Construction Industry Development Board

The Construction Industry Development Board (CIDB) is a Schedule 3A public entity established to provide leadership to stakeholders and to stimulate sustainable growth, reform and improvement of the construction sector for effective delivery and the industry's enhance role in the country's economy. The accounting authority is responsible to the Minister of Public Works as the executive authority and the Board submits its annual business plan and report to the Minister.

The Board comprises of private and public sector individuals appointed by the Minister of Public Works on the basis of their individual knowledge and expertise. It is supported by a knowledge-based organisation that is committed to the development objectives defined in the CIDB Act (Act 38 of 2000).

Transfer payments amounting to R20, 087 million were made to the Board during the year under review

Approval

The annual financial statements set out on pages 48 to 76 have been approved by the Accounting Officer.



JAMES MASEKO
DIRECTOR-GENERAL
DATE: 28 JULY 2004



A U D I T O R - G E N E R A L

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Report of the Auditor-General to Parliament on the financial statements of the Department Of Public Works – Vote 6 for the year ended 31 March 2004

1. Audit assignment

The financial statements as set out on pages 48 to 76, for the year ended 31 March 2004, 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. Qualification

Account balances

The following items, which originate from prior to 2002 remain unresolved due to a lack of supporting documentation:

R5,9 million in respect of receivables

R6,7 million in respect of receivables

Transactions not accounted for through the income statement, originating on or before 1999-2000

R19,3 million other debtors

R2.3 million payables current

R0,022 million staff debtors and

R0,019 million advances

DPW has met with the Accountant General and presented the relevant schedules to support the write-off of these transactions. At the time of reporting, the approval for write-off has not been obtained.

The resolution of irreconcilable debts and debt inherited from regional structures is currently being addressed as a government wide initiative with all relevant stakeholders. DPW has disclosed the various items identified in notes 14,15 and 19 to the financial statements and the resolution of these will be evaluated in due course.

4. Audit opinion

In my opinion, except for the effect on the financial statements of the matter referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Department of Public Works (DPW) at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. Emphasis of matters

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

5.1 Rental debtors and revenue

5.1.1 Debtors

My audit revealed the following weaknesses regarding rental debtors:

- The debtor sub-system (PMIS) is not fully utilised;
- No interest is charged on outstanding amounts;
- No monthly invoicing and submission of statements are being sent to debtors;
- Non-capturing of receipts on debtors subsystem and
- No debtors' age analysis is made available for management purposes.



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5.1.2 Revenue

In terms of S38 (1) (c) of the PFMA an accounting officer must take effective and appropriate steps to collect all money due to the department. The controls over rental revenue were ineffective, as the sub-system was not utilised at all the regions. This was due to a lack of training of departmental officials.

An investigation into married and single quarter official housing highlighted that tariffs was last updated in 1995. In terms of Treasury Regulation 7.3.1 the accounting officer must at least annually review these tariffs if they are under his control.

5.2 Asset management

5.2.1 Moveable assets

The fixed asset register for moveable assets was not complete. This was due to the implementation of the Ezeycat computer software program, which started in the previous year, in order to maintain a register containing the item identification code and location.

5.2.2 Fixed property

As mentioned in my previous report, DPW was to develop a proof of concept on the requirements for a complete, valid and accurate fixed property register to meet accounting disclosure requirements. My evaluation of the proof of concept revealed the following:

The PMIS database is not sufficient or updated to form the basis for a fixed asset register and
The Land Affairs database was found to be largely accurate but does not disclose valuation details as required by DPW and

Differences exist in the calculation of municipal valuations which, may impact on the apportionment of rates and taxes between government and private landowners in terms of the new Property Rates Act.

5.3 Systems audit

5.3.1 General controls

A general control review was completed identifying the following significant control weaknesses:

A disaster recovery plan, change control procedures, data dictionary development, maintenance procedures and user account management procedures were either not documented or inadequate;

Segregation of duties in the program change process and programmers' access to the PMIS were not adequately monitored and authorised due to the non-activation of the audit

trail with respect to developers and administrators; Service level agreements had not been signed between the IT unit and DPW business units and Several weaknesses were identified with regard to the system security settings on the UNIX server at SITA.

5.3.2 Property Management Information System (PMIS)

An information system audit of the application controls within the PMIS was conducted. These findings indicated that although some controls were in place, significant weaknesses existed in the general control environment as a whole. The most significant weaknesses identified were as follows:

- No formal registration and termination procedures for users exist;
- Activities of system controllers and system support users were not logged and monitored;
- Changes to the supplier master file were not monitored;
- No validation tests are performed by the PMIS on the invoice numbers with the effect that the same invoice could be paid more than once and
- No control totals were available on the Basic Accounting System (BAS) for comparison and reconciliation with PMIS during the interface with BAS.

The Chief Information Officer indicated in her comments that various corrective measures have been taken or envisaged. The effectiveness of these measures will be evaluated in due course.

5.4 Account balances

In my previous report dated 19 September 2003 I had a qualification paragraph on insufficient supporting documentation with respect to receivables and payables. I have subsequently substantiated the validity, accuracy and accounting treatment of the following items:

R22 million for advances from client departments;
R55 million due from client departments and
R10 million in respect of Works Control System recoverable claims

5.5 Disclosure of unauthorised and irregular expenditure

The appropriation statement reflects overspending of R30 million on one main division, which is also disclosed as unauthorised expenditure in Note 12 to the financial statements.



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5.6 Forensic audit

An investigation into allegations of procurement irregularities in the Western Cape is currently being performed on which I will report in due course.

5.7 Delays in submitting annual financial statements

Section 55(1)(c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act No. 29 of 1999) requires the financial statements to be submitted to the Auditor-General within two months after the financial year-end, by 31 May 2004. Financial statements were signed by the accounting officer and submitted for audit purposes on 31 May 2004. However, these were substantially incomplete, requiring material revision.

The revised financial statements were received on 21 June 2004, which is regarded as a late submission in terms of section 55(1)(c) of the PFMA.

6. Progresss with previously reported matters and SCOPA resolutions

The department has reacted favourably to SCOPA resolutions by finalising 8 out of 14 items reported on in the financial year ending 31 March 2002. However corrective actions to resolve the remaining issues will take more than one year. For more detail refer to Annexure A.

7. Appreciation

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

S A Fakie
Auditor-General

Pretoria
29 July 2004



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Annexure A

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Audit report 2003: Paragraph: 5.5 SCOPA Resolution -112 Report, 2003 on 2002 (Par. 4)	Completeness and accuracy of the state-owned property register	This matter has not been resolved but a proof of concept on the way forward for a complete, valid and accurate fixed property register has been completed.
Audit report 2003: Paragraph: SCOPA Resolution -112 Report, 2003 on 2002 (Par. 5)	Disposal of Fernwood property	The department has made it a requirement to have two valuations when large properties are disposed of.
Audit report 2003: Paragraph: 5.1 SCOPA Resolution -112 Report, 2003 on 2002 (Par. 6)	Lease commitments	This has been rectified in 2004.
Audit report 2003: Paragraph: 5.2 SCOPA Resolution -112 Report, 2003 on 2002 (Par. 7)	Reconciliation between financial and business systems	For 2003 and 2004 reconciliations were done monthly except for PIMS which was done once for the entire year.
Audit report 2003: Paragraph: 3.1 SCOPA Resolution -112 Report, 2003 on 2002	Control over supporting documents	In 2003 missing documentation resulted in a qualification. Subsequently the department made the documentation available for audit purposes and the matter was cleared.



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Audit report 2003: Paragraph: 3.2 SCOPA Resolution -112 Report, 2003 on 2002 (Par. 9)	Transactions with other departments	A task team within National Treasury is currently investigating this matter which is still unresolved.
Audit report 2003: Paragraph: SCOPA Resolution -112 Report, 2003 on 2002 (Par. 10)	Satisfaction of National Treasury disclosure requirements 1. Lease commitments 2. Disciplinary procedures 3. accruals	The department has successfully resolved this matter by implementing templates compiled by region, which includes all the relevant information to verify the validity and correctness of the amounts disclosed.
Audit report 2003: Paragraph: SCOPA Resolution -112 Report, 2003 on 2002 (Par. 11)	Unauthorised expenditure	2002: The amount of R33 738 million is still not yet resolved. SCOPA is evaluating information submitted by the department. SCOPA recommended that the amount of R9,03 million should be financed by DPW out of savings but due to the exceeding of the budget this could not be finalised. 1998-99: The amount of R41 million is still with National Treasury. 1999-2000: Unauthorised expenditure incurred has been recommended by SCOPA to be funded by Parliament.
Audit report 2003: Paragraph: SCOPA Resolution - 112 Report, 2003 on 2002 (Par. 12)	Fruitless and wasteful expenditure	Isolated payments for rentals where premises have been vacated have been noted.
Audit report 2003: Paragraph: SCOPA Resolution - 112 Report, 2003 on 2002 (Par. 13.1)	Internal Audit	This matter is currently addressed by DPW, by means of contracting in a consortium of private audit firms to assist with the internal audit function. The capacity in internal audit has also been expanded at regional level.
Audit report 2003:	Performance	The criteria used for paying performance



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Audit report 2003: Paragraph: SCOPA Resolution - 112 Report, 2003 on 2002 (Par. 13.2)	Performance bonus	The criteria used for paying performance bonuses were approved by DPSA. During the year under review performance bonuses amounting to R19 million were paid of which R10 million was in excess of the amount budgeted.
Audit report 2003: Paragraph: SCOPA Resolution - 112 Report, 2003 on 2002 (Par. 13.3)	Consultants and advisory services	Processes have been put in place to manage the effectiveness of consultants.
Audit report 2003: Paragraph: SCOPA Resolution - 112 Report, 2003 on 2002 (Par. 13.4)	Bank overdraft	The DPW continues to have a bank overdraft mainly due to unpaid interdepartmental debts.

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NATIONAL DEPARTMENT of PUBLIC WORKS VOTE 6 STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 MARCH 2004

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosures. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are annually surrendered to the National Revenue Fund.

Rental Income, property disposal proceeds, sundry income, interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred annually to the National Revenue Fund.

3. Donor Aid

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular, and 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 or funded from future voted funds.

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

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

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

6. Debts written off

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of surplus funds available to the department. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2004 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement.

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NATIONAL DEPARTMENT of PUBLIC WORKS VOTE 6 STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 MARCH 2004

8. Investments

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the directors, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

9. Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

10. 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.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

11. 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.

12. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

13. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed part of the disclosure note to the financial statements. 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.

14. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, OR an invoice has been received but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period when 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 disclosure 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.

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NATIONAL DEPARTMENT of PUBLIC WORKS VOTE 6 STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 MARCH 2004

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/all) its employees through defined benefit plans. These benefits are funded by employer and/or 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.

16. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

17. Recoverable revenue

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

18. 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.

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NATIONAL DEPARTMENT of PUBLIC WORKS - VOTE 6

APPROPRIATION STATEMENT for the year ended 31 March 2004

	Programme						2002/03	
	2003/04						Revised Allocation	Actual Expenditure
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / (Underspend) (Excess)	Expenditure as % of revised allocation		
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1. Programme 1								
Administration	277,314	-	277,314	231,093	46,221	83%	225,918	210,869
Current	221,111	-	221,111	212,167	8,944	96%	225,918	210,869
Capital	56,203	-	56,203	18,926	37,277	34%	-	-
2. Programme 2								
Provision of Land and Buildings	4,029,755	-	4,029,755	4,117,868	(88,113)	102%	3,419,123	3,565,074
Current	3,319,195	-	3,319,195	3,419,004	(99,809)	103%	3,047,961	3,122,916
Capital	710,560	-	710,560	698,864	11,696	98%	371,162	442,158
3. Programme 3								
National Public Works Programme	327,797	-	327,797	310,644	17,153	95%	313,873	300,940
Current	67,528	(2,567)	64,961	53,778	11,183	251%	60,286	47,868
Capital	260,269	2,567	262,836	256,866	5,970	98%	253,587	253,072
4. Programme 4								
Auxilliary&Associate Services								
Provision of Land and Buildings	17,119	-	17,119	14,440	2,679	84%	16,185	15,447
Current	17,119	-	17,119	13,516	3,603	79%	15,685	15,447
Capital	-	-	-	924	(924)		500	-
5. Special Function Theft and Losses								
Current	-	-	-	8,300	(8,300)	0%	-	109,857
Capital	-	-	-	8,300	(8,300)	0%	-	109,857
Capital	-	-	-	-	-	0%	-	-
Total	4,651,985	-	4,651,985	4,682,345	(30,360)	101%	3,975,099	4,202,187
Reconciliation with Income Statement								
Less: Investments acquired and capitalised during the current financial year - expensed for appropriation purposes								
Add: Local and foreign aid assistance (including RDP funds)				1,022				1,423
Add: Unauthorised expenditure approved								11,244
Less: Fruitless and wasteful expenditure								
Actual amounts per Income Statement			4,651,985	4,683,367			3,975,099	4,214,854

APPROPRIATION STATEMENT for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	3,624,953	(2,567)	3,622,386	3,706,765	(84,379)	102%	3,349,850	3,506,957
Personnel	453,259	-	453,259	391,178	62,081	86%	398,542	363,813
Transfer payments	37,362	-	37,362	33,826	3,536	91%	37,020	36,639
Other	3,134,332	(2,567)	3,131,765	3,281,761	(149,996)	396%	2,914,288	3,106,505
Capital	1,027,032	2,567	1,029,599	975,580	54,019	95%	625,249	695,230
Transfer payments	259,820	2,567	262,387	256,637	5,750	98%	253,575	253,072
Acquisition of capital assets	767,212	-	767,212	718,943	49,193		371,674	442,158
Total	4,651,985	-	4,651,985	4,682,345	(30,360)	101%	3,975,099	4,202,187
Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	453,259	-	453,259	391,225	62,034	86%	398,542	363,813
Administrative	72,957	-	72,957	77,775	(4,818)	107%	77,261	81,110
Inventories	32,215	-	32,215	35,826	(3,611)	111%	31,649	30,647
Equipment	79,123	-	79,123	34,262	44,861	43%	42,499	33,964
Land and buildings	1,961,876	-	1,961,876	1,991,996	(30,120)	102%	812,454	887,958
Professional and special services	1,754,102	(2,567)	1,751,535	1,850,895	(99,360)	106%	2,320,175	2,401,601
Transfer payments	297,182	2,567	299,749	290,463	9,286	97%	290,595	289,712
Miscellaneous	1,271	-	1,271	1,603	(332)	126%	1,924	3,525
Special Function Theft and Losses	-	-	-	8,300	(8,300)		-	109,857
TOTAL	4,651,985	-	4,651,985	4,682,345	(30,360)	101%	3,975,099	4,202,187

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NATIONAL DEPARTMENT of PUBLIC WORKS VOTE 6

DETAIL PER PROGRAMME 1 for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Subprogramme 1 Minister	713	-	713	2,291	(1,578)	321%	2,866	4,495
Current	713		713	2,291	(1,578)	321%	2,866	4,495
Capital								
1.2 Subprogramme 2 Deputy Minister	552	-	552	1,526	(974)	276%		
Current	552		552	1,526	(974)	276%		
Capital								
1.3 Subprogramme 3 Management	70,675	-	70,675	65,917	4,758	93%	91,719	63,042
Current	33,370		33,370	53,642	(20,272)	161%	91,719	63,042
Capital	37,305		37,305	12,275	25,030	33%		
1.4 Subprogramme 4 Corporate Services	205,374	-	205,374	161,359	44,015	79%	131,333	143,332
Current	186,476		186,476	154,708	31,768	83%	131,333	143,332
Capital	18,898		18,898	6,651	12,247	35%		
Total	277,314	-	277,314	231,093	46,221	83%	225,918	210,869

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	127,251		127,251	96,921	30,330	76%	130,620	92,058
Transfer payments								
Other	93,860		93,860	115,246	(21,386)	123%	95,298	118,811
Capital								
Transfer payments								
Acquisition of capital assets	56,203		56,203	18,926	37,277	34%	-	-
Total	277,314	-	277,314	231,093	46,221	83%	225,918	210,869

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	127,251		127,251	96,921	30,330	76%	130,620	92,058
Administration	45,695		45,695	46,743	(1,048)	102%	36,218	46,777
Inventories	9,496		9,496	8,480	1,016	89%	6,444	8,012
Equipment	60,528		60,528	19,002	41,526	31%	17,505	15,212
Land and buildings								4
Professional and special services	34,156		34,156	59,900	(25,744)	175%	35,015	48,774
Transfer payments								
Miscellaneous	188		188	47	141	25%	117	32
Special functions								
Total	277,314	-	277,314	231,093	46,221	83%	225,918	210,869

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DETAIL PER PROGRAMME 2 for the year ended 31 March 2004

Programme per subprogramme		2003/04						2002/03	
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
2.1	Subprogramme 1 Capital Works	238,266	-	238,266	271,069	(32,803)	114%	135,148	119,864
	Current								
	Capital	238,266		238,266	271,069	(32,803)	114%	135,148	119,864
2.2	Subprogramme 2 Office Accommodation	1,070,233	-	1,070,233	1,027,146	43,087	96%	830,530	884,667
	Current	1,070,233		1,070,233	1,027,146	43,087	96%	812,454	884,667
	Capital								
2.3	Subprogramme 3 Maintenance	656,556	-	656,556	651,419	5,137	99%	557,156	536,238
	Current	214,595		214,595	238,489	(23,894)	111%	251,986	219,188
	Capital	441,961		441,961	412,930	29,031	93%	305,170	317,050
2.4	Subprogramme 4 Promotion building & cons	-	-	-	5,800	(5,800)		5,500	5,500
	Current	-		-	5,800	(5,800)		5,500	5,500
	Capital								
2.5	Subprogramme 5 Cleaning Garden	138,489	-	138,489	63,594	74,895	46%	128,468	127,174
	Current	136,498		136,498	62,883	73,615	46%	128,468	127,174
	Capital	1,991		1,991	711	1,280	36%		
2.6	Subprogramme 6 Municipal Services	923,975	-	923,975	953,941	(29,966)	103%	811,907	903,427
	Current	923,975		923,975	953,921	(29,946)	103%	811,907	903,427
	Capital				20	(20)			
2.7	Subprogramme 7 Rates	727,099	-	727,099	804,228	(77,129)	111%	744,791	732,838
	Current	727,099		727,099	804,228	(77,129)	111%	744,791	732,838
	Capital								
2.8	Subprogramme 8 Land Division Committees	-	-	-	-	-		50	-
	Current	-		-	-	-		50	-
	Capital								
2.9	Subprogramme 9 Investigation of SITES	50	-	50		50	0%	50	-
	Current	50		50		50	0%	50	
	Capital								
2.10	Subprogramme 10 Interstate Boundary Fences	6,500	-	6,500	4,228	2,272	65%	6,000	6,000
	Current				3,451	(3,451)		-	-
	Capital	6,500		6,500	777	5,723	12%	6,000	6,000
2.11	Subprogramme 11 Administration	268,587	-	268,587	336,443	(67,856)	125%	199,523	247,562
	Current	246,745		246,745	323,086	(76,341)	131%	199,523	247,562
	Capital	21,842		21,842	13,357	8,485	61%	-	-
Total		4,029,755	-	4,029,755	4,117,868	(88,113)	102%	3,419,123	3,563,270

Economic classification		2003/04						2002/03	
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current									
	Personnel	314,994	-	314,994	285,527	29,467	91%	259,474	264,036
	Transfer payments	-		-	-	-	0%	1,000	-
	Other	3,004,201		3,004,201	3,133,477	(129,276)	104%	2,787,487	2,857,076
Capital									
	Transfer payments	-		-	-	-		-	-
	Acquisition of capital assets	710,560		710,560	698,864	11,696	98%	371,162	442,158
Total		4,029,755	-	4,029,755	4,117,868	(88,113)	102%	3,419,123	3,563,270

Standard item classification		2003/04						2002/03	
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
	Personnel	314,994		314,994	285,574	29,420	91%	259,474	264,036
	Administrative	22,349		22,349	28,200	(5,851)	126%	36,774	31,480
	Inventories	22,306		22,306	27,025	(4,719)	121%	24,851	22,162
	Equipment	18,146		18,146	14,107	4,039	78%	23,741	17,975
	Land and buildings	1,961,876		1,961,876	1,991,976	(30,100)	102%	812,454	903,495
	Professional and special services	1,690,054		1,690,054	1,770,845	(80,791)	105%	2,260,023	2,323,020
	Transfer payments	-		-	-	-	0%	1,000	-
	Miscellaneous	30		30	141	(111)	470%	806	1,101
	Special functions								
Total		4,029,755	-	4,029,755	4,117,868	(88,113)	102%	3,419,123	3,563,270

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DETAIL PER PROGRAMME 3 for the year ended 31 March 2004

Programme per subprogramme		2003/04						2002/03	
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
3.1	Subprogramme 1 Construction Industry Development Programme	39,451	-	39,451	32,942	6,509	84%	39,873	31,021
	Current	39,002		39,002	32,858	6,144	84%	39,861	31,021
	Capital	449		449	84	365	19%	12	
3.2	Subprogramme 2 Community Based Public Works Programme	288,346	-	288,346	277,702	10,644	96%	274,000	269,919
	Current	25,959	(2,567)	23,422	20,920	2,502	89%	20,425	16,847
	Capital	262,387	2,567	264,924	256,782	8,142	97%	253,575	253,072
Total		327,797	-	327,797	310,644	17,153	95%	313,873	300,940

Economic classification		2003/04						2002/03	
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current									
	Personnel	11,014	-	11,014	8,730	2,284	79%	8,448	7,719
	Transfer payments	22,087		22,087	22,093	(6)	100%	21,426	21,929
	Other	34,427	(2,567)	31,860	22,955	8,905	72%	30,412	18,220
Capital									
	Transfer payments	259,820	2,567	262,387	256,637	5,750	98%	253,575	253,072
	Acquisition of capital assets	449	-	449	229	220	51%	12	-
Total		327,797	-	327,797	310,644	17,153	95%	313,873	300,940

Standard item classification		2003/04						2002/03	
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
	Personnel	11,014		11,014	8,730	2,284	79%	8,448	7,719
	Administrative	4,913		4,913	2,832	2,081	58%	4,270	2,853
	Inventories	413		413	321	92	78%	354	473
	Equipment	449		449	229	220	51%	753	627
	Land and buildings	-		-	-	-		-	-
	Professional and special services	29,101	(2,567)	26,534	19,802	6,732	75%	25,047	14,267
	Transfer payments	281,907	2,567	284,474	278,730	5,744	98%	275,001	275,001
	Miscellaneous	-		-	-	-		-	-
	Special functions								
Total		327,797	-	327,797	310,644	17,153	95%	313,873	300,940

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DETAIL PER PROGRAMME 4 Auxilliary and Associated Services for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
4.1 Subprogramme 1 Compensation of Losses	1,053	-	1,053	1,435	(382)	136%	1,000	2,390
Current	1,053	-	1,053	1,435	(382)	136%	1,000	2,390
Capital								
4.2 Subprogramme 2 Distress Relief	1	-	1	-	1	0%	1	-
Current	1	-	1	-	1	0%	1	-
Capital								
4.3 Subprogramme 3 Loskop Settlement	1	-	1	-	1	0%	1	-
Current	1	-	1	-	1	0%	1	-
Capital								
4.4 Subprogramme 4 Assistance to Organisations for Preservation of National Memorials	12,054	-	12,054	9,279	2,775	77%	11,543	13,057
Current	12,054	-	12,054	9,279	2,775	77%	11,543	13,057
Capital								
4.5 Subprogramme 5 Grant -In -Aid	1,550	-	1,550	1,734	(184)	112%	1,400	-
Current	1,550	-	1,550	1,734	(184)	112%	1,400	-
Capital								
4.6 Subprogramme 6 Decorations for Public Function	90	-	90	348	(258)	387%	90	-
Current	90	-	90	348	(258)	387%	90	-
Capital								
4.7 Subprogramme 7 Government Motor Transport	700	-	700	923	(223)	132%	500	-
Current	700	-	700	923	(223)	132%	500	-
Capital								
4.8 Subprogramme 8 Sectoral Education Train Authority	1,670	-	1,670	721	949	43%	1,650	-
Current	1,670	-	1,670	721	949	43%	1,650	-
Capital								
Total	17,119	-	17,119	14,440	2,679	84%	16,185	15,447
Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel		-	15,275	11,733	3,542	77%	14,594	14,710
Transfer payments	15,275	-	15,275	11,733	3,542	77%	14,594	14,710
Other	1,844	-	1,844	1,783	61	97%	1,091	737
Capital								
Transfer payments		-	-	924	(924)		500	-
Acquisition of capital assets	-	-	-	924	(924)		500	-
Total	17,119	-	17,119	14,440	2,679	84%	16,185	15,447

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel								
Administrative			-	924	(924)		500	150
Inventories				20	(20)			
Equipment			791	348	443	44%	90	-
Land and buildings	791		791	348	443	44%	90	-
Professional and special services	15,275		15,275	11,733	3,542	77%	14,594	14,710
Transfer payments	1,053		1,053	1,415	(362)	134%	1,001	587
Miscellaneous								
Special functions								
Total	17,119	-	17,119	14,440	2,679	84%	16,185	15,447

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Special Function Theft and Loses for the year ended 31 March 2004

5.1	SPECIAL FUNCTION THEFT & LOSSES	-	-	-	8,300	(8,300)	0%	-	109,857
Economic classification		2003/04					2002/03		
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current									
Personnel									
Transfer payments									
Other		-	-	-	8,300	(8,300)	0%	-	109,857
Capital									
Transfer payments									
Acquisition of capital assets									
Total		-	-	-	8,300	(8,300)	0%	-	109,857
Standard item classification		2003/04					2002/03		
		Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel									
Administrative									
Inventories									
Equipment									
Land and buildings									
Professional and special services									
Transfer payments									
Miscellaneous									
Special functions		-	-	-	8,300	(8,300)	0%	-	109,857
Total		-	-	-	8,300	(8,300)	0%	-	109,857

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NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 MARCH 2004

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

Detail of these transactions can be viewed in note 9 (Transfer payments) and Annexure 1 to the Annual Financial Statements.

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

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

3. Detail of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 11 (Details of special functions (theft and losses)) to the Annual Financial Statements.

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

4.1 Per programme:

Programme 1: Administration...

A saving of R46,221 million resulted from unexpected delays in the filling of vacancies. Delays in the upgrading of the department's IT Systems also contributed towards the savings. The department's plan to upgrade the IT System and align it to the challenges of restructuring could not be implemented fully during the 2003/2004 financial year. Some of the IT initiatives like the development of business processes and the User Charge System had to be carried over to the 2004/2005 financial year.

Programme 2: Provision of Land and Accommodation...

Three sub-programmes contributed towards the over-expenditure of R88,113 million, viz, Rates on State Property: Municipal Services and Capital Works. In some of the regions there is a huge backlog in rates on State Property. Although additional funding was granted by National Treasury during the Adjustment Estimates, it was not enough to wipe out the backlog fully. The pressure that most municipalities have been putting on the department when demanding their payment was unbearable. In most instances they threatened to cut the supply of services to some very sensitive government properties.

Programme 3: National Public Works Programme...

A saving of R17,153 million of which R5,719 million is ascribed to inevitable delays in transferring Community Based Public Works Programme (CBPWP) funds to some of the Municipalities in terms of the annual Division of Revenue Act (No 7 of

2003). The concerned municipalities did not have enough capacity to utilize the funds in the implementation of projects. The department also experienced a serious system problem towards the end of March 2004 and this also contributed towards the saving. The other factor that contributed towards the saving is the delay in the filling of vacancies.

Programme 4: Auxilliary and Associates Services...

The exchange rate gains relating to payments for the preservation of National Memorials contributed towards the saving of R2,679 million. The other contributing factor is less expenditure on Sector Educations Training Authority caused by the fact that the Learnership Programme is not fully implemented in the department.

4.2

Per standard item:

Personnel: ...

A saving of R62,034 million is due to the delay on filling of vacancies as the Transformation started late in the middle of the financial year.

Administrative: ...

An overspending of R4,818 million on this item is due to the movement of the staff and re allocation settlement of the new appointees

Inventories: ...

An overspending of R3,611 million on this item is due to the publication, books, magazines, exhibitions stock and Departmental printings.

Equipment

A saving of R44,861 million resulted from unexpected delays in the upgrading of the department's IT Systems also the department's plan to upgrade the IT System and align it to the challenges of restructuring could not be implemented fully during the 2003/2004 financial years. Some of the IT initiatives like the development of business processes and the User Charge System had to be carried over to the 2004/2005 financial years.

Land & Buildings

An overspending of R30,120 million on this item is due to the overspending on Capital Works.

Professional Services

An overspending of R99,360 million on this item is due to the overexpenditure on Municipal Services and Rates.

Transfer Payment

A saving of R9,286 million is due to the inevitable delay in transferring the Community Based Public Works Programme funds to municipalities as explained under Programme 3. The exchange rate gains, as explained under Programme 4, also contributed to this saving.

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NATIONAL DEPARTMENT of PUBLIC WORKS - VOTE 6

INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE) for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
REVENUE			
Voted funds		4,651,985	3,986,344
Annual Appropriation	1	4,651,985	3,975,100
Appropriation for unauthorised expenditure			11,244
Other revenue to be surrendered to the revenue fund	2	36,017	34,166
Local and foreign aid assistance (incl. RDP funds)	3	4,122	5,545
TOTAL REVENUE		4,692,124	4,026,055
EXPENDITURE			
Current			
Personnel	4	391,225	363,814
Administrative		77,776	81,110
Inventories	5	35,826	30,647
Machinery and Equipment	6	3,979	7,553
Land and buildings	7	1,300,554	1,106,740
Professional and special services	8	1,850,893	1,743,494
Transfer payments	9	32,906	36,640
Miscellaneous	10	1,604	3,524
Special functions: authorised losses	11	8,300	109,857
Local and foreign aid assistance (incl. RDP funds)	3	1,022	1,423
TOTAL CURRENT EXPENDITURE	A	3,704,085	3,484,802
Capital			
Machinery and Equipment	6	30,283	26,411
Land and buildings	7	691,441	439,325
Transfer payments	9	257,558	253,072
Unauthorised Expenditure approved	12.1		11,244
TOTAL CAPITAL EXPENDITURE	B	979,282	730,052
TOTAL EXPENDITURE	A + B	4,683,367	4,214,854
NET SURPLUS /(DEFICIT)		8,757	(188,799)
Add back unauthorised and fruitless and wasteful expenditure disallowed	12.1	30,360	227,088
NET SURPLUS /(DEFICIT) FOR THE YEAR		39,117	38,289
Reconciliation of Net Surplus / (Deficit) for the year			
Other Revenue to be surrendered to the Revenue Fund	2	(36,017)	(34,166)
Local and foreign aid assistance (incl. RDP Funds) rolled over	3	(3,100)	(4,122)
NET SURPLUS /(DEFICIT) FOR THE YEAR		(39,117)	(38,288)

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NATIONAL DEPARTMENT of PUBLIC WORKS - VOTE 6

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) at 31 March 2004

ASSETS	Note	2003/04 R'000	2002/03 R'000
Current assets		709,395	606,194
Unauthorised and fruitless and wasteful expenditure	12	386,425	356,861
Cash and cash equivalents	13	144	123
Receivables	14	322,826	249,210
Non-current assets		27,000	9,084
Receivables	15	27,000	9,084
TOTAL ASSETS	A	736,395	615,278
LIABILITIES			
Current liabilities		719,886	605,865
Other Revenue funds to be surrendered to the Revenue Fund	17	4,708	4,964
Bank overdraft	18	637,895	545,701
Payables	19	77,283	55,200
Non-current liabilities		13,409	5,290
Payables	20	13,409	5,290
TOTAL LIABILITIES	B	733,295	611,155
NET ASSETS/LIABILITIES	A - B	3,100	4,122
Represented by:		3,100	4,122
Local and foreign aid assistance (including RDP funds) rolled over	3	3,100	4,122
TOTAL		3,100	4,122

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NATIONAL DEPARTMENT of PUBLIC WORKS - VOTE 6

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
Local and foreign aid assistance (including RDP funds) remaining			
Opening balance	3	4,122	5,545
Transfers	3	(1,022)	(1,423)
Closing balance		3,100	4,122
TOTAL		3,100	4,122

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NATIONAL DEPARTMENT of PUBLIC WORKS - VOTE 6

CASH FLOW STATEMENT for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	21	976,635	516,840
Cash generated / (utilised) to (increase)/decrease working capital	22	(61,253)	17,715
Voted funds and Revenue funds surrendered	23	(36,273)	(67,393)
Local and foreign aid assistance (including RDP funds)			5,545
Net cash flow available from operating activities		879,109	472,707
CASH FLOWS FROM INVESTING ACTIVITIES			
		(971,280)	(707,258)
Capital expenditure		(979,282)	(730,052)
Proceeds from sale of equipment	2	-	8,716
Proceeds from sale of land and buildings	2	8,002	14,078
Net cash flows from operating and investing activities		(92,171)	(234,551)
Net increase/(decrease) in cash and cash equivalents		(92,171)	(234,551)
Cash and cash equivalents at beginning of period		(545,579)	(311,027)
Cash and cash equivalents at end of period		(637,750)	(545,579)

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NATIONAL DEPARTMENT of PUBLIC WORKS - VOTE 6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2004

1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments' (Equitable Share).

Programmes	Total Appropriation 2003/04 R'000	Actual Funds Received R'000	Variance over/(under) R'000	Total Appropriation 2002/03 R'000
Administration	277,314	(277,314)	-	225,919
Provision of Land and Accommodation	4,029,755	(4,029,755)	-	3,419,123
National Public Works Programme	327,797	(327,797)	-	313,873
Auxiliary and Associated service	17,119	(17,119)	-	16,185
TOTAL	4,651,985	(4,651,985)	-	3,975,100

2 Other revenue to be surrendered to the revenue fund Description

(Specify material amounts separately)

	2003/04 R'000	2002/03 R'000
Material losses recovered	2.1 3	228
Unclaimed Warrant vouchers	4,181	3,057
Disallowance previous financial year	7,492	8,716
Proceeds from sale of land and buildings	8,002	14,078
Interest	1,568	-
Fines and Forfeitures	2,710	1,683
Rentals received	7,988	1,482
Sale of Tender documents	2,041	1,029
Unclaimed Security deposits	373	1,586
Departmental debts repayment	411	2,030
Correction of PMG account - old items	-	(879)
Other	1,248	1,156
Total revenue collected	36,017	34,166
Less: Own revenue budgeted	-	-
Total other revenue collected	36,017	34,166

2.1 Material losses recovered

Nature of loss recovered

100% Housing	3	228
	3	228

3 Local and foreign aid assistance (including RDP funds)

3.1 Assistance received in cash

Name of Donor and purpose	Opening Balance	Revenue	Expenditure Current	Capital	
Foreign					
European Union	4,122	-	1,022	-	3,100
Technical assistance for the institutional strengthening of CBPWP					
	4,122	-	1,022	-	3,100

Analysis of balance

Balance remaining	3,100	4,122
	3,100	4,122

4 Personnel

4.1 Current expenditure

	2003/04 R'000	2002/03 R'000
Appropriation to Executive and Legislature		
Basic salary costs	264,818	247,137
Pension contributions	36,688	35,092
Medical aid contributions	19,267	18,608
Other salary related costs	70,452	62,977
	391,225	363,814

Average number of employees	4,470	4,329
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			2003/04 R'000	2002/03 R'000
5 Inventories				
5.1 Current expenditure				
Inventories purchased during the year				
Consumable stock			19,657	20,344
Stationery			5,405	4,197
Material - Building and Electrical			8,600	5,367
Computer Software Licence			1,615	-
Publication			549	739
			<u>35,826</u>	<u>30,647</u>
6 Machinery and equipment				
Current (Rentals, maintenance and sundry)			3,979	7,553
Capital	6.1		<u>30,283</u>	<u>26,411</u>
Total current and capital expenditure			<u>34,262</u>	<u>33,964</u>
6.1 Capital machinery and equipment analysed as follows:				
Computer equipment			13,848	13,068
Furniture and office equipment			5,127	4,657
Other machinery and equipment			2,238	1,596
Prestige Furniture			8,146	7,090
Transport			924	-
			<u>30,283</u>	<u>26,411</u>
7 Land and buildings				
Current expenditure				
Maintenance			331,977	230,079
Leasehold improvements			13,795	15,986
Rental			<u>954,782</u>	<u>860,675</u>
Total current expenditure			<u>1,300,554</u>	<u>1,106,740</u>
Capital expenditure	7.1		<u>691,441</u>	<u>439,325</u>
Total current and capital expenditure			<u>1,991,995</u>	<u>1,546,065</u>
7.1 Capital land and building expenditure analysed as follows:				
Land			154	3,290
Non-residential buildings			420,488	317,256
Capital Work in progress			<u>270,799</u>	<u>118,779</u>
			<u>691,441</u>	<u>439,325</u>
8 Professional and special services				
8.1 Current expenditure				
Auditors' remuneration				
Regulatory			15,396	10,285
Performance			38	-
Other audits			2,035	-
Contractors			-	1,840
Consultants and advisory services			11,292	10,129
Maintenance			20,077	7,396
Municipal Services			963,966	898,469
Rates on State Property			765,649	732,838
Other (specify material amounts separately)			72,440	82,537
			<u>1,850,893</u>	<u>1,743,494</u>
9 Transfer payments				
Conditional grant transfers	Annexure 1A		256,637	253,072
Transfers to public entities and institutions	Annexure 1B		22,087	21,930
Other transfers	Annexure 1C		<u>11,740</u>	<u>14,710</u>
			<u>290,464</u>	<u>289,712</u>
Analysis of transfer payments				
Capital			257,558	253,072
Current			<u>32,906</u>	<u>36,640</u>
			<u>290,464</u>	<u>289,712</u>

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		2003/04 R'000	2002/03 R'000
10 Miscellaneous			
10.1 Current expenditure			
Remissions, refunds and payments made as an act of grace	10.2	-	6
Gifts, donations and sponsorships	10.3	40	-
Radio and T.V. Licences		76	77
Special Functions		67	1,051
Non fulfilment of obligation 100%		1,415	2,390
Other		6	-
		<u>1,604</u>	<u>3,524</u>
10.2 Remissions, refunds and payments made as an act of grace			
Nature of remissions, refunds and payments			
Ex gratia payments		-	6
		<u>-</u>	<u>6</u>
10.3 Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)			
Nature of gifts, donations and sponsorships			
(Group major categories, but list material items)			
Current		40	-
		<u>40</u>	<u>-</u>
11 Special functions: Authorised losses			
Material losses through criminal conduct	11.1	904	2,918
Other material losses written off in income statement	11.2	6,996	95,623
Debts written off	11.3	400	11,316
		<u>8,300</u>	<u>109,857</u>
11.1 Material losses through criminal conduct			
Nature of losses			
Criminal acts or omission		904	2,918
		<u>904</u>	<u>2,918</u>
11.2 Other material losses written off in income statement			
Nature of losses			
Fruitless rent		4	3,381
GG Vehicle accidents and tools		56	587
Unavoidable damage		2,729	6,412
Vis major Natural causes		3,731	10,857
Justice claims		-	19,791
Irregular expenditure		392	9,661
Damages and losses		-	28,313
Vis major Prior years		-	13,959
Other		84	2,662
		<u>6,996</u>	<u>95,623</u>
11.3 Debts written off			
Nature of debts written off			
Irrecoverable debts		400	11,316
		<u>400</u>	<u>11,316</u>
11.4 Details of special functions (theft and losses)			
Special Function Theft and Losses		<u>8,300</u>	<u>109,857</u>
		<u>8,300</u>	<u>109,857</u>

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		2003/04 R'000	2002/03 R'000
12	Unauthorised and fruitless and wasteful expenditure disallowed		
	Unauthorised expenditure	12.2 345,385	315,025
	Fruitless and wasteful expenditure	12.3 41,040	41,836
		<u>386,425</u>	<u>356,861</u>
12.1	Reconciliation of unauthorised expenditure balance		
	Opening balance	315,025	99,181
	Unauthorised expenditure current year	30,360	227,088
	Approved by Parliament	-	(11,244)
	Closing balance	<u>345,385</u>	<u>315,025</u>
12.2	Unauthorised expenditure		
	Incident		
	Disciplinary steps taken / criminal proceedings		
	1998/99 Non compliance with TR	5,028	5,028
	1999/2000 Non compliance with TR	30,573	30,573
	2000/2001 Overspending on programme 1 and losses	10,568	10,568
	2001/2002 Overspending on programme 2 and losses	41,768	41,768
	2002/2003 Overspending on programme 2 and losses	227,088	227,088
	2003/2004 Overspending on programme 2 and losses	30,360	-
		<u>345,385</u>	<u>315,025</u>
12.3	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	41,836	30,247
	Fruitless and wasteful current year	167	16,547
	Transfer to income statement – authorised losses	(963)	(4,958)
	Closing balance	<u>41,040</u>	<u>41,836</u>
12.4	Fruitless and wasteful expenditure		
	Incident		
	Disciplinary steps taken / criminal proceedings		
	Fruitless rent	81	15,630
	Interest paid on late payments	86	917
		<u>167</u>	<u>16,547</u>
13	Cash and cash equivalents		
	Cash on hand	144	123
		<u>144</u>	<u>123</u>
14	Receivables - current		
	Amounts owing by other departments	Annexure 3 291,312	222,019
	Staff debtors	14.3 10,185	7,672
	Other debtors	14.4 16,925	16,723
	Advances	14.5 4,404	2,796
		<u>322,826</u>	<u>249,210</u>
14.1	Amounts included above may not be recoverable, but have not been written off in the income statement.		
	** These amounts represent transactions not accounted for through the income statement, originating on or before 1999 - 2000		
14.2	Age analysis – receivables current		
	Less than one year	189,630	-
	One to two years (List material amounts)	124,868	-
	More than two years (List material amounts)	8,326	-
		<u>322,824</u>	<u>-</u>

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	2003/04 R'000	2002/03 R'000
14.3 Staff debtors		
100% loans pensions	-	2
20% loans guarantees	104	93
** Debtors contracts(interest)	9,266	7,257
Persal control accounts	786	296
Private phone calls	29	24
	<u>10,185</u>	<u>7,672</u>
** Included above is audit report item of (R0,022 million)		
14.4 Other debtors		
** Debtors GG accidents	879	907
** Debtors sale of land	2,481	2,478
** Domestic service claim	565	421
** Empty Containers	56	56
** Intersponsibility clearance	2,705	1,301
** Periodic Payments/ EBT rejections	77	640
** Post dated/erroneous cheques	3	11
R/D Cheques	512	459
** Recoverable rent deposit	339	339
Rent overpaid	3,596	6,048
** Subletting	1,145	1,113
** Warrant Vouchers loss in transit	16	5
** Warrant Vouchers reissued	4,551	2,945
	<u>16,925</u>	<u>16,723</u>
** Included above is audit report item of (R10,216 million)		
14.5 Advances		
Nature of advances		
Advance subsistence travelling	289	232
** LTD/Telkom	967	10
** Municipal Deposits	2,593	2,444
Other Institutions	530	107
Standing subsistence and travelling	25	3
	<u>4,404</u>	<u>2,796</u>
** Included above is audit report item of (R0,019 million)		
15 Receivables – non-current		
Description		
** Disallowances	26,361	9,084
Major Public entities	639	-
	<u>27,000</u>	<u>9,084</u>
** Included above is audit report item of (R9,084 million) which represents transactions not accounted for through the income statement, originating on or before 1999 - 2000		
16 Voted funds to be surrendered to the Revenue Fund		
Opening balance	-	31,203
Paid during the year		(31,203)
Closing balance	<u>-</u>	<u>-</u>
17 Other revenue funds to be surrendered to the Revenue Fund		
Opening balance	4,964	6,988
Transfer from income statement for revenue to be surrendered	36,017	-
Paid during the year	(36,273)	(2,024)
Closing balance	<u>4,708</u>	<u>4,964</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2004

		2003/04 R'000	2002/03 R'000
18 Bank overdraft			
Paymaster General Account (Exchequer account)		637,895	545,701
19 Payables - current			
Description			
Amounts owing to other departments		-	1,508
Advances received	19.1	60,263	40,984
Other payables	19.2	17,020	12,708
		77,283	55,200
19.1 Advances received			
Government Depts.		59,822	40,984
Other institutions		441	-
		60,263	40,984
19.2 Other payables			
Acacia Park		674	158
Debtors system		2,599	4,517
** Interest on sale of land		1,012	996
Persal control account		224	340
Persal income tax account		1,508	1,253
Recoverable rent		339	339
Recoverable Revenue		427	644
Recoverable Revenue-capital		-	52
Recoverable revenue interest		3,383	38
BAS EBT Recalls		420	-
** Sale of land		1,469	1,482
Telegraphic transfers		-	458
Unallocated rental deposits/receipts		4,868	2,055
W/V above 2000/ Logis Recalls		97	376
		17,020	12,708
** Included above is audit report item of (R2,376 million) which represents transactions not accounted for through the income statement, originating on or before 1999 - 2000.			
20 Payables – non-current			
Security Deposits		13,409	5,290
21 Net cash flow generated by operating activities			
Net surplus as per Income Statement		36,017	38,289
Adjusted for items separately disclosed		971,279	707,258
Proceeds from sale of equipment ()		-	(8,716)
Proceeds from sale of land and buildings ()		(8,002)	(14,078)
Capital expenditure		979,281	730,052
Adjusted for non-cash items		(30,661)	(228,707)
Net cash flow generated by operating activities		976,635	516,840
22 Cash generated / (utilised) to (increase)/decrease working capital			
(Increase) / decrease in receivables – current		(73,539)	(2,917)
(Increase) / decrease in receivables – non-current		(17,916)	-
(Increase) / decrease in other current assets		-	(1,991)
Increase / (decrease) in payables - current		22,083	22,623
Increase / (decrease) in payables - non-current		8,119	-
		(61,253)	17,715
23 Voted funds and revenue funds surrendered			
Revenue funds surrendered		(36,273)	(67,393)
		(36,273)	(67,393)

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2004

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

			2003/04 R'000	2002/03 R'000
24	Contingent liabilities			
	Liable to	Nature		
	Motor vehicle guarantees	Employees	Annexure 2 204	-
	Housing loan guarantees	Employees	Annexure 2 7,721	7,671
	Claims		30,331	28,940
	Other			
			<u>38,256</u>	<u>36,611</u>
25	Commitments			
	Current expenditure			
	Approved and contracted/ordered		1,454,369	210,316
	Approved but not yet contracted		6,916,361	2,062,746
			<u>8,370,730</u>	<u>2,273,062</u>
	Capital expenditure			
	Approved and contracted/ordered		278,053	121,790
	Approved but not yet contracted		264,280	503,990
			<u>542,333</u>	<u>625,780</u>
	Total Commitments		<u>8,913,063</u>	<u>2,898,842</u>
26	Accruals			
	Listed by Standard item			
	Personnel		157	-
	Administrative Exp.		1,831	-
	Equipment		1,938	-
	Inventories		2,478	-
	Land and Buildings		52,313	-
	Professional services		88,604	-
	Transfer Payments		127	-
			<u>147,448</u>	<u>-</u>
	Listed by programme level			
	Program 1		6,793	-
	Program 2		140,636	-
	Program 3		19	-
	Program 4		-	-
			<u>147,448</u>	<u>-</u>
27	Employee benefits			
	Leave entitlement		55,872	48,877
	Thirteenth cheque		21,941	15,631
	Performance bonus		18,594	18,120
			<u>96,407</u>	<u>82,628</u>

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2004

				2003/04 R'000	2002/03 R'000
28	Leases				
28.1	Operating leases	Property	Equipment	Total	Total
	Name of financial institution				
	Not later than 1 year	826,557	-	826,557	954,898
	Later than 1 year and not later than 3 years	1,454,322	-	1,454,322	1,898,693
	Later than 3 years	1,097,832	-	1,097,832	1,342,397
		<u>3,378,711</u>	<u>-</u>	<u>3,378,711</u>	<u>4,195,988</u>
29	Receivables for services delivered Nature of services				
	Witwatersrand Agricultural Society	Sale of Land		5,600	5,600
	Soccer City	Sale of Land		14,403	14,403
	St Nuworld	Sale of Land		10,621	10,621
	Other known amounts		29.2	7,326	6,893
				<u>37,950</u>	<u>37,517</u>
29.1	An amount of R nil has been written-off during the year. Amounts of R 22 826 200 included above may not be recoverable.				
29.2	Other known amounts				
	Ubuntu Home Builders			3,465	3,465
	Honey Sucker Services			1,577	1,577
	Other			2,284	1,851
				<u>7,326</u>	<u>6,893</u>
	Disclosure should be made of all other debt not reflected in the Balance Sheet, but was written-off during the year.				
30	Irregular expenditure				
	Movement Schedule of irregular expenditure				
	Opening Balance			35,601	46,845
	Irregular expenditure current year			392	-
	Expenditure condoned			(392)	(11,244)
	Expenditure waiting condonement			<u>35,601</u>	<u>35,601</u>
	Analysis				
	1998/99			5,028	5,028
	1999/2000			30,573	30,573
				<u>35,601</u>	<u>35,601</u>

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2004

31 Key management personnel Remuneration

The aggregate remuneration of the key management of the department and the number of individuals determined on a full time equivalent basis receiving remuneration within this category, showing separately major classes of key management personnel and including a description of each class.

Key management	Number	Basic	Pension	Medical	Flexible	Total
2002/03	58	14,621	2,016	719	6,617	23,973
2003/04	77	22,439	3,356	1,138	8,618	35,551

32 Related Party Transactions

Company Name	Relationship	Leasing R'000	Maintenance R'000	Consulting Fees R'000	Suspense R'000	TOTAL R'000
TGA Technical Maintenance and Services	Member		306			306
Vuka Usenzele Construction	Member		121			121
Umthawelanga Consulting Engineers	Member		1,666			1,666
Oulinco Marketing Services	Director		43			43
Moongate 125 (Pty) Ltd	Member	7,302				7,302
Tseke Mamabolo Building Construction	Member		61			61
Sebokwa Engineering	Member		130			130
Triponza Trading 47	Member		25			25
Trymore Investments 141	Member	184				184
Virtual Buro APSP	Member			5,346		5,346
Extra Dimension 1155	Member		61			61
The Business Zone 182 t/a Eagle Services	Member		369			369
Nanini 274 C.C	Member	134				134
Angelfish Investments 838 C.C	Member				462	462
Wild Break 1137	Member	494				494
Vuma- Sindloni Business Enterprise	Member		131			131
Whirlaway Trading 154	Member		12			12
Bright Idea Projects 91	Member				16	16
Nomi Projects	Director				3,079	3,079
Superbia Four	Director	14,794				14,794
Summermania Seven	Director	24,024				24,024
TOTAL		46,932	2,925	5,346	3,556	58,758

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ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES BY NATIONAL DEPARTMENTS AS AT 31 MARCH 2004

NAME OF MUNICIPALITY	GRANT ALLOCATION			EXPENDITURE				SPENT		
	Division of Revenue Act	Adjustments Estimate	Total Available	Actual Transfer (1)	Amount not Transferred	Capital	Current	Actual amount received	Actual amount spent	% of amount Transferred Spent
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Alfred Nzo	8,592	-	8,592	8,592	-	8,592	-	8,592	6,113	71.15
Amajuba	3,920	(293)	3,627	3,267	360	3,267	-	3,267	3,072	94.03
Amatole	19,091	1,500	20,591	16,773	3,818	16,773	-	16,773	17,137	102.17
Bojanala Platinum	10,374	-	10,374	10,374	-	10,374	-	10,374	7,947	76.60
Botlhabelo	7,339	-	7,339	8,800	(1,461)	8,800	-	8,800	6,135	69.72
Cacadu	3,099	(227)	2,872	2,479	393	2,479	-	2,479	2,193	88.46
Capricorn	18,894	-	18,894	18,286	608	18,286	-	18,286	15,710	85.91
Chris Hani	11,895	-	11,895	9,516	2,379	9,516	-	9,516	9,660	101.51
Eastvaal	7,313	(564)	6,749	6,749	-	6,749	-	6,749	2,781	41.21
Ehlanzeni	7,655	(590)	7,065	11,845	(4,780)	11,845	-	11,845	3,808	32.15
Greater Sekhukhune	11,311	-	11,311	11,311	-	11,311	-	11,311	9,201	81.35
IDT CPC's	10,000	2,133	12,133	12,200	(67)	12,200	-	12,200	5,950	48.77
Ilembe/King Shaka	6,390	-	6,390	5,551	839	5,551	-	5,551	5,667	102.09
Mopani	10,056	-	10,056	13,960	(3,904)	13,960	-	13,960	9,287	66.53
Nelson Mandela	-	400	400	400	-	400	-	400	-	0.00
Nkangala	7,066	4,605	11,671	14,171	(2,500)	14,171	-	14,171	7,344	51.82
O. R. Tambo	23,075	1,283	24,358	24,358	-	24,358	-	24,358	19,224	78.92
Boland (DRAKENSTEIN)	-	1,000	1,000	-	1,000	-	-	-	-	0.00
Sisonke	3,194	-	3,194	1,934	1,260	1,934	-	1,934	2,164	111.89
Thabo Mafutsanyana	6,428	-	6,428	8,207	(1,779)	8,207	-	8,207	5,277	64.30
Ugu	9,282	(300)	8,982	5,128	3,854	5,128	-	5,128	8,143	158.79
Ukhahlamba	4,522	-	4,522	4,522	-	4,522	-	4,522	3,089	68.31
Umgungundlovu	9,852	-	9,852	9,852	-	9,852	-	9,852	7,631	77.46
Umkhanyakude	6,935	(400)	6,535	5,535	1,000	5,535	-	5,535	4,256	76.89
Umkhanyathi	6,288	-	6,288	5,435	853	5,435	-	5,435	5,421	99.74
Uthukela	6,579	-	6,579	4,737	1,842	4,737	-	4,737	5,341	112.75
Uthungulu	8,733	-	8,733	8,133	600	8,133	-	8,133	7,925	97.44
Vhembe	13,494	-	13,494	14,079	(585)	14,079	-	14,079	12,276	87.19
Waterberg	2,486	-	2,486	2,486	-	2,486	-	2,486	2,486	100.00
Zululand	9,947	-	9,947	7,958	1,989	7,958	-	7,958	7,233	90.89
Un-allocated	6,010	(6,010)	-	-	-	-	-	-	-	0.00
	259,820	2,537	262,357	256,638	5,719	256,638	-	256,638	202,471	78.89

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ANNEXURE 1B

STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS BY NATIONAL/PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2004

Name of Public Entity / Institution)	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available R'000	Actual Transfer (1) R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Construction Industry Development Board	20,087	-	-	22,087	20,087	-		921	19,360
The South African Council For									
The Project & Construction									
Management Professions	1,000	-	-	1,000	1,000	-		-	1,000
The Council for Built Environment	1,000	-	-	1,000	1,000	-		-	1,000
	22,087	-	-	24,087	22,087	-		921	21,360

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ANNEXURE 1C

STATEMENT OF OTHER TRANSFERS BY NATIONAL/ DEPARTMENTS AS AT 31 MARCH 2004

(List each Transfer by Entity / Institution)	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer (1)	Amount not Transferred	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Commonwealth war grave Com & UN	11,935			11,935	9,279	2,656	77.0%		9,279
Parliament Village Management Board	1,430			1,430	1,733	(303)	121.0%		1,733
Secondary Education & Training Authority	1,670			1,670	721	949	43.0%		721
Loskop Settlement	1			1		1			
Other	-				7				7
	15,036	-	-	15,036	11,740	3,303			11,740

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ANNEXURE 2

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004 DOMESTIC/ FOREIGN (provide separate returns for Domestic and Foreign)

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2003	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2004	Closing Balance 31/03/2004	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stannic	Motor Vehicles							
Standard	Housing	4,412	877	49	89		837	
Nedbank	Housing	1,973	365	133	17		481	
First Rand Bank	Housing	3,812	623	178	42		759	
ABSA	Housing	15,586	2,830	225	249		2,806	
Old Mutual Bank	Housing	581	111	-	-		111	
FBC Fidelity Bank	Housing	1,532	295	-	15		280	
BOE Bank NBS Div	Housing	2,366	521	-	76		445	
Saambou	Housing	3,878	881	30	30		881	
Perm	Housing	4,462	911	43	89		865	
VBS Mutual Bank	Housing	320	64	15	-		79	
Unibank	Housing	220	44	-	-		44	
The African Bank	Housing	75	11	-	-		11	
Cape of Good Hope Bank	Housing	485	48	-	-		48	
BOE Bank Boland Div	Housing	68	22	-	10		12	
Hlano Fin Services	Housing	33	13	-	6		7	
BOE Bank	Housing	76	15	-	-		15	
Free State Sev Corp	Housing	206	40	-	-		40	
		40,085	7,671	673	623	-	7,721	-

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ANNEXURE 3

INTER-DEPARTMENTAL RECEIVABLES - CURRENT

Department	Balances R'000	Confirmed balance outstanding		Unconfirmed balance outstanding	
		31/03/2004	31/03/2003	31/03/2004	31/03/2003
		R'000	R'000	R'000	R'000
WCS Nat. Claims: Other Departments *	60,318,033	47,763,926	-	12,554,107	42,802,346
WCS Nat. Claim: Dept Agriculture	4,921,383	-	-	4,921,383	1,883,536
WCS Nat. Claim: Dept Of Arts Culture	20,532,594	-	-	20,532,594	9,509,880
WCS Nat. Claim: Dept BCIP	(17,570,351)	-	-	(17,570,351)	-
WCS Nat. Claim: Dep Correct Serv	130,057,345	-	-	130,057,345	109,271,085
WCS Nat. Claim: Dept Of Defence	(18,434,760)	(9,600,720)	-	(8,834,040)	172,451
WCS Nat. Claim: Dept Of Education	221,777	-	-	221,777	221,777
WCS Nat. Claim: Dep Environ Aff Tour	14,336,214	14,336,214	-	-	1,922,905
WCS Nat. Claim: Foreign Affair	1,158,041	-	-	1,158,041	642,679
WCS Nat. Claim: Dept Of Health	1,155,825	-	-	1,155,825	340,610
WCS Nat. Claim: Dept Home Affairs	168,837	-	-	168,837	-
WSC Nat. Claim: Indep Comp Direc	14,936	-	-	14,936	14,936
WCS Nat. Claim: Dep Just Const Dev	20,588,187	20,588,187	-	-	31,590,994
WCS Nat. Claim: Dept Of Labour	4,961,393	4,961,393	-	-	5,151,701
WCS Nat. Claim: Dept Land Affairs	420,127	-	-	420,127	2,904,600
WCS Nat. Claim: Dept Minerals Ener	18,948	-	-	18,948	18,948
WCS Nat. Claim: SA Commun Service	(7,760)	-	-	(7,760)	-
WCS Nat. Claim: SA Police Service	48,044,924	35,487,296	-	12,557,628	9,576,785
WCS Nat. Claim: Dep Water Affairs For	98,309	-	-	98,309	98,309
Other Claims Rec: Nat Departments	15,278,281	-	-	15,278,281	92,391
Claims Rec Constitution Institutions	5,029,914	-	-	5,029,914	5,029,259
Debtors FMS	-	-	-	-	773,947
TOTAL	291,312,198	113,536,296	-	177,775,902	222,019,140

WCS Nat. Claims: Other Departments *	TOTAL	Confirmed balance outstanding		Unconfirmed balance outstanding	
WCS Nat. Claims: Defence	21,675,484	21,675,484	-	-	-
WCS Nat. Claims: Environmental Affairs	20,938,358	20,938,358	-	-	-
WCS Nat Claims: Labour	156,857	156,857	-	-	-
WCS Nat Claims: Justice	44,080	44,080	-	-	-
WCS Nat Claims SAPS	4,949,147	4,949,147	-	-	-
WCS Nat Claims: SARS	10,327,457	-	-	10,327,457	-
WCS Nat Claims: Health	1,775,978	-	-	1,775,978	-
WCS Nat Claims Miscellaneous	450,672	-	-	450,672	-
Totals	60,318,033	47,763,926	-	12,554,107	-

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ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
LAND AND BUILDINGS	439,325	691,441	-	-	-	1,130,766
Land	3,290	154				3,444
Dwellings						-
Non-Residential Buildings	317,256	420,488				737,744
Investment Properties						-
Other structures (Infrastructure Assets)						-
Mineral & Similar Non Regenerative Resources						-
Capital work in Progress	118,779	270,799				389,578
Heritage Assets						-
MACHINERY AND EQUIPMENT	26,411	30,283	1,720	-	-	54,974
Computer equipment	13,068	13,848	1,471			25,445
Furniture and office equipment	4,657	5,127	185			9,599
Other machinery and equipment	1,596	2,238	64			3,770
Prestige Furniture	7,090	8,146				15,236
Transport assets	-	924				924
	465,736	721,724	1,720	-	-	1,185,740

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
LAND AND BUILDINGS	-	439,325	-	-	-	439,325
Land		3,290				3,290
Dwellings						-
Non-Residential Buildings		317,256				317,256
Investment Properties						-
Other structures (Infrastructure Assets)						-
Mineral & Similar Non Regenerative Resources						-
Capital work in Progress		118,779				118,779
Heritage Assets						-
MACHINERY AND EQUIPMENT	-	26,411	-	-	-	26,411
Computer equipment		13,068				13,068
Furniture and office equipment		4,657				4,657
Other machinery and equipment		1,596				1,596
Prestige Furniture		7,090				7,090
Transport assets		-				-
	-	465,736	-	-	-	465,736



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HUMAN RESOURCE MANAGEMENT REPORT

1. Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 1.1) and by salary bands (Table 1.2). In particular, it provides an indication of the amount spent personnel costs in terms of each of the programmes or salary bands within department. Tables 1.2 & 1.3 as well as 1.4 only include personel expenditure paid through PERSAL.

Table 1.1 Expenditure per programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as percent of Total Expenditure	Average Personnel Cost per Employee (R'000)	Employment
Prog 1	231,125	96,921	3,198	59,899	42	120	806
Prog 2	4,117,989	285,574	906	1,770,850	7	79	3622
Prog 3	310,644	8,730	540	19,802	3	208	42
Prog 4	14,440				0		0
Total	4,674,197	391,225	4,644	1,850,551	8	407	4470

Table 1.2 Personnel costs by salary band

Salary Bands	Personnel Expenditure (R'000)	Percentage of Total Personnel Cost	Average Personnel Cost per Employee (R)	Total Personnel Expenditure	Number of Employees
Lower skilled (Levels 1-2)	130,868	34.2	48344	382,208	2707
Skilled (Levels 3-5)	38,369	10	74503	382,208	515
Highly skilled production (Levels 6-8)	101,242	26.5	130299	382,208	777
Highly skilled supervision (Levels 9-12)	83,498	21.8	210322	382,208	397
Senior management (Levels 13-16)	28,230	7.4	381486	382,208	74
TOTAL	382208	100	85505	382208	4470

The following tables provide a summary by programme (Table 1.3) and salary bands (Table 1.4), of expenditure incurred as a result of salaries, overtime, home owners allowances and medical aid.

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

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

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Programme 1 administration	61161	65.2	1644	1.8	2000	0.4	4717	5	93765
Programme 2 provisioning - land & accommodation	189137	67.6	3328	1.2	6293	2.3	14202	5.1	279639
Programme 3 national public works programme	5827	66.2	0	0	93	1.1	332	3.8	8803
TOTAL	256125	67	4972	1.3	8385	2.2	19251	5	382207

Table 1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Lower skilled (Levels 1-2)	88995	68	1991	1.5	3021	2.3	6465	4.9	130868
Skilled (Levels 3-5)	25430	66.3	603	1.6	913	2.4	2628	6.8	38369
Highly skilled production (Levels 6-8)	67364	66.5	1871	1.8	2608	2.6	6055	6	101242
Highly skilled supervision (Levels 9-12)	58034	69.5	507	0.6	1603	1.9	3313	4	83498
Senior management (Levels 13-16)	16300	57.7	0	0	240	0.9	790	2.8	28230
TOTAL	256123	67	4972	1.3	8385	2.2	19251	5	382207

2. Employment and Vacancies

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

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 2.1), salary band (Table 2.2) and critical occupations (Table 2.3). Departments have identified critical occupations that need to be monitored. Table 2.3 provides establishment and vacancy information for the key critical occupations of the department.

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In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

**Table 2.1 Employment and vacancy rate at the end of the period
1 April 2003 to 31 March 2004**

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Programme 1 administration, Permanent	1043	780	25.2	0
Programme 1 administration, Temporary	26	26	0	0
Programme 2 provisioning - land & accommodation, Permanent	4405	3443	21.8	0
Programme 2 provisioning - land & accommodation, Temporary	179	179	0	0
Programme 3 national public works programme, Permanent	91	41	54.9	0
Programme 3 national public works programme, Temporary	1	1	0	0
TOTAL	5745	4470	22.2	0

Table 2.2 Employment and vacancies by Salary Band

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	2856	2560	10.4	0
Lower skilled (Levels 1-2), Temporary	175	175	0	0
Skilled (Levels 3-5), Permanent	542	459	15.3	0
Skilled (Levels 3-5), Temporary	9	9	0	0
Highly skilled production (Levels 6-8), Permanent	1142	778	31.9	0
Highly skilled production (Levels 6-8), Temporary	17	17	0	0
Highly skilled supervision (Levels 9-12), Permanent	885	400	54.8	0
Highly skilled supervision (Levels 9-12), Temporary	2	2	0	0
Senior management (Levels 13-16), Permanent	114	67	41.2	0
Senior management (Levels 13-16), Temporary	3	3	0	0
TOTAL	5745	4470	22.2	0

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Table 2.3 Employment and vacancies by Critical Occupation

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior managers, Permanent	114	67	41.2	0
Senior managers, Temporary	3	3	0	0
TOTAL	117	70	40.2	0

Job Evaluation

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

NO JOB EVALUATION RESULTS WERE IMPLEMENTED DUE TO MATCHING AND PLACING (RESOLUTION 7 & 8)

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	3031	0	0	0	0	0	0
Skilled (Levels 3-5)	551	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	1159	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	887	0	0	0	0	0	0
Senior Management Service Band A	90	0	0		0	0	0
Senior Management Service Band B	20	0	0	0	0	0	0
Senior Management Service Band C	6	0	0		0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
TOTAL	5745	0	0	0	0	0	0

3. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 3.1) for critical occupations (Table 3.2). (These "critical occupations" should be the same as those listed in Table 2.3)

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Table 3 .1 Annual turnover rates by Salary Band

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	2316	69	134	5.8
Lower skilled (Levels 1-2), Temporary	360	171	219	60.8
Skilled (Levels 3-5), Permanent	472	5	26	5.5
Skilled (Levels 3-5), Temporary	97	19	17	17.5
Highly skilled production (Levels 6-8), Permanent	754	16	49	6.5
Highly skilled production (Levels 6-8), Temporary	67	11	14	20.9
Highly skilled supervision (Levels 9-12), Permanent	355	8	20	5.6
Highly skilled supervision (Levels 9-12), Temporary	28	2	4	14.3
Senior Management Service Band A, Permanent	40	3	6	15
Senior Management Service Band A, Temporary	5	1	1	20
Senior Management Service Band B, Permanent	10	2	0	0
Senior Management Service Band C, Permanent	3	0	0	0
Senior Management Service Band D, Temporary	1	0	0	0
TOTAL	4508	307	490	10.9

Table 3.2 Annual turnover rates by Critical Occupation

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Senior managers, Permanent	50	5	5	10
Senior managers, Temporary	4	0	2	50
TOTAL	54		7	13

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Table 3.3 Reasons why staff is leaving the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	40	8.2	0.9	490	4508
Death, Temporary	8	1.6	0.2	490	4508
Resignation, Permanent	54	11	1.2	490	4508
Resignation, Temporary	10	2	0.2	490	4508
Expiry of contract, Permanent	2	0.4	0	490	4508
Expiry of contract, Temporary	159	32.4	3.5	490	4508
Dismissal-operational changes, Permanent	13	2.7	0.3	490	4508
Dismissal-operational changes, Temporary	1	0.2	0	490	4508
Discharged due to ill health, Permanent	31	6.3	0.7	490	4508
Dismissal-misconduct, Permanent	3	0.6	0.1	490	4508
Dismissal-misconduct, Temporary	1	0.2	0	490	4508
Retirement, Permanent	91	18.6	2	490	4508
Retirement, Temporary	1	0.2	0	490	4508
Other, Permanent	1	0.2	0	490	4508
Other, Temporary	75	15.3	1.7	490	4508
TOTAL	490	100	10.9	490	4508

**Resignations as
% of
Employment**

10.9

Table 3.4 Promotions by Critical Occupation

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Senior managers	54	24	44.4	37	68.5
TOTAL	54	24	44.4	37	68.5

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Table 3.5 Promotions by Salary Band

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	2316	1	0	1737	75
Lower skilled (Levels 1-2), Temporary	360	1	0.3	61	16.9
Skilled (Levels 3-5), Permanent	472	0	0	442	93.6
Skilled (Levels 3-5), Temporary	97	1	1	67	69.1
Highly skilled production (Levels 6-8), Permanent	754	39	5.2	461	61.1
Highly skilled production (Levels 6-8), Temporary	67	9	13.4	20	29.9
Highly skilled supervision (Levels 9-12), Permanent	355	74	20.8	142	40
Highly skilled supervision (Levels 9-12), Temporary	28	3	10.7	5	17.9
Senior management (Levels 13-16), Permanent	53	26	49.1	37	69.8
Senior management (Levels 13-16), Temporary	6	0	0	0	0
TOTAL	4508	154	3.4	2972	65.9

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4. Employment Equity

Table 4.1 Total numbers of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	23	6	1	30	16	10	0	2	12	5	63
Legislators, senior officials and managers, Temporary	1	0	0	1	0	0	0	0	0	0	1
Professionals, Permanent	176	27	13	216	161	107	9	10	126	91	594
Professionals, Temporary	6	1	0	7	0	5	0	0	5	0	12
Clerks, Permanent	128	34	4	166	48	197	34	7	238	206	658
Clerks, Temporary	5	0	0	5	0	7	1	0	8	2	15
Service and sales workers, Permanent	44	10	0	54	16	4	1	0	5	0	75
Craft and related trades workers, Permanent	39	34	10	83	126	5	1	0	6	0	215
Craft and related trades workers, Temporary	1	0	0	1	0	1	0	0	1	0	2
Plant and machine operators and assemblers, Permanent	23	26	1	50	8	1	0	0	1	0	59
Elementary occupations, Permanent	1038	362	25	1425	49	927	173	6	1106	9	2589
Elementary occupations, Temporary	47	12	0	59	0	106	8	0	114	1	174
Other, Permanent	7	1	0	8	0	2	0	0	2	1	11
Other, Temporary	1	0	1	2	0	0	0	0	0	0	2
TOTAL	1539	513	55	2107	424	1372	227	25	1624	315	4470

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4.2 Employees with disability

	Male, African	Male Coloured	Male Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
employees with disabilities	5	4	0	9	9	0	2	0	2	6	26

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Table 4.3 Total numbers of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	2	0	0	2	1	2	0	0	2	0	5
Top Management, Temporary	1	0	0	1	0	0	0	0	0	0	1
Senior Management, Permanent	23	7	1	31	16	9	0	3	12	5	64
Senior Management, Temporary	1	0	1	2	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	125	24	12	161	143	46	2	8	56	31	391
Professionally qualified and experienced specialists and mid-management, Temporary	1	0	0	1	0	1	0	0	1	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	133	48	12	193	198	109	14	3	126	241	758
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	6	1	0	7	0	7	1	0	8	2	17
Semi-skilled and discretionary decision making, Permanent	147	70	6	223	42	151	32	6	189	31	485
Semi-skilled and discretionary decision making, Temporary	4	6	0	10	0	13	7	0	20	0	30
Unskilled and defined decision making, Permanent	1041	350	23	1414	24	934	170	5	1109	3	2550
Unskilled and defined decision making, Temporary	48	6	0	54	0	98	1	0	99	1	154
Not Available, Permanent	7	1	0	8	0	2	0	0	2	1	11
TOTAL	1539	513	55	2107	424	1372	227	25	1624	315	4470

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Table 4.4 Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	3	1	0	4	0	1	0	0	1	0	5
Senior Management, Temporary	0	0	1	1	0	0	0	0	0	0	1
Professionally qualified and											
specialists and mid- management, Permanent	3	1	0	4	2	1	0	0	1	0	7
Professionally qualified and											
specialists and mid- management, Temporary	1	0	0	1	0	1	0	0	1	0	2
Skilled technical and											
qualified workers, junior management, supervisors, foremen, Permanent	9	1	0	10	2	5	0	0	5	0	17
Skilled technical and											
qualified workers, junior management, supervisors, foremen, Temporary	2	0	0	2	0	5	1	0	6	1	9
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	5	0	0	5	0	5
Semi-skilled and discretionary decision making, Temporary	8	0	0	8	0	10	0	0	10	0	18
Unskilled and defined decision making, Permanent	16	6	0	22	0	36	11	0	47	0	69
Unskilled and defined decision making, Temporary	52	5	0	57	0	114	4	0	118	0	175
TOTAL	94	14	1	109	4	178	16	0	194	1	308

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Table 4.5 Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	9	4	0	13	4	5	0	2	7	2	26
Professionally qualified and experienced specialists and mid- management, Permanent	12	1	2	15	2	11	0	1	12	5	34
Professionally qualified and experienced specialists and mid- management, Temporary	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	21	1	1	23	3	8	2	0	10	5	41
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making, Permanent	17	0	0	17	0	14	1	0	15	2	34
Semi-skilled and discretionary decision making, Temporary	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making, Permanent	5	0	0	5	0	14	0	0	14	1	20
Unskilled and defined decision making, Temporary	0	0	0	0	0	0	0	0	0	0	0
TOTAL	64	6	3	73	9	52	3	4	58	15	155

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Table 4.6 Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	4	0	0	4	0	2	0	0	2	0	6
Senior Management, Temporary	0	1	0	1	0	0	0	0	0	0	1
Professionally qualified and specialists and mid-management, Permanent	7	0	0	7	6	2	2	0	4	2	19
Professionally qualified and specialists and mid-management, Temporary	1	0	0	1	1	1	0	0	1	0	3
Skilled technical and academically qualified workers, management, supervisors, foremen, Permanent	10	1	0	11	20	4	0	0	4	12	47
Skilled technical and academically qualified workers, management, supervisors, foremen, Temporary	6	0	0	6	0	7	0	0	7	1	14
Semi-skilled and decision making, Permanent	5	4	0	9	1	9	2	0	11	4	25
Semi-skilled and decision making, Temporary	5	1	0	6	1	9	0	0	9	0	16
Unskilled and defined decision making, Permanent	64	13	1	78	2	49	8	0	57	1	138
Unskilled and defined decision making, Temporary	64	9	1	74	0	135	11	0	146	1	221
TOTAL	166	29	2	197		218	23	0	241	21	490

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Table 4.7 Skills Development Plan

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	0	0	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0	0	0
Technicians and Associate Professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0	0	0
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Employees with	0	0	0	0	0	0	0	0	0	0	0

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 (Table 6.1), salary bands (Table 6.2) and critical occupations (Table 6.3).

Table 5.1 Performance rewards per Race, Gender and Disability

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	905	1372	67.2	3,813	4,135
African, Male	1187	1534	77.7	5,728	4,805
Asian, Female	20	25			
Asian, Male	50	55			
Coloured, Female	209	225	92.9		3,374
Coloured, Male	485	509		1,941	4,001
Total Blacks, Female	1134	1622	71	4,726	4,106
Total Blacks, Male	1722	2098	82.3	8,048	4,660
White, Female	311	309	100.6	2,717	8,736
White, Male	416	415	100.2	4,354	10,467
Employees with a disability	25	26	96.2		6,860
TOTAL	3608	4470	81.2	20,017	5,514

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Table 5.2 Performance Rewards for officials below SMS Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	2058	2696	76.3	6,315	3,069
Skilled (Levels 3-5)	460	524	87.8	2,081	4,524
Highly skilled production (Levels 6-8)	692	778	88.9	5,786	8,361
Highly skilled supervision (Levels 9-12)	329	385	85.5	4,578	13,915
TOTAL	3539	4383	80.7	18760	5301

Table 5.3 Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Senior managers	40	57	70.2	917	22,925
TOTAL	40	57	70.2	917	22,925

Table 5.4 Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	29	43	67.4	616	2,124	3.8	16,088
Band B	12	19	63.2	291	2,425	4.6	6,391
Band C	3	4	75	113	3,767	5.9	1,913
TOTAL	44	66	66.7	1020	2318.2	4.2	24392

6. Foreign Workers

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

Table 6.1 Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	% of Total	Employment at End of Period	% of Total	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Lower skilled (Levels 1-2)	4	57.1	3	50	-1	100	7	6	-1
Highly skilled production (Levels 6-8)	1	14.3	1	16.7	0	0	7	6	-1
Highly skilled (Levels 9-12)	2	28.6	2	33.3	0	0	7	6	-1
TOTAL	7	100	6	100	-1	100	7		-1

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Table 6.2 Foreign Workers by Major Occupational Class

Major Occupation	Employment at Beginning Period	% of Total	Employment at End of Period	% of Total	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Administrative office workers	1	14.3	1	100	0	0	7	6	-1
Elementary occupations	4	57.1	3	75	-1	-16.7	7	6	-1
Professionals and managers	2	28.6	2	100	0	0	7	6	-1
TOTAL	7	100	6	85.7	-1	-16.7	7	6	-1

7. Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 7.1) and disability leave (Table 7.2). In both cases, the estimated cost of the leave is also provided.

Table 7.1 Sick Leave for 1 April 2003 to 31 March 2004

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	8693	80.4	1275	52.6	7	1,090	2423	6985
Skilled (Levels 3-5)	2535	73.3	350	14.4	7	425	2423	1857
Highly skilled production (Levels 6-8)	3605	71.8	507	20.9	7	1,112	2423	2588
Highly skilled supervision (Levels 9-12)	1569	76.1	261	10.8	6	864	2423	1194
Senior management (Levels 13-16)	192	84.4	30	1.2	6	271	2423	162
TOTAL	16594	77.1	2423	100	7	3762	2423	12786

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Table 7.2 Disability Leave (Temporary and Permanent) for 1 April 2003 to 31 March 2004

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	1144	98.8	82	47.7	14	144	1130	172
Skilled (Levels 3-5)	384	98.7	24	14	16	63	379	172
Highly skilled production (Levels 6-8)	731	99	53	30.8	14	219	724	172
Highly skilled supervision (Levels 9-12)	124	100	12	7	10	64	124	172
Senior management (Levels 13-16)	3	100	1	0.6	3	5	3	172
TOTAL	2386	98.9	172	100	14	495	2360	172

Table 7.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 7.3 Annual Leave for 1 April 2003 to 31 March 2004

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	52772	22	2449
Skilled (Levels 3-5)	11299	21	546
Highly skilled production (Levels 6-8)	17219	22	788
Highly skilled supervision (Levels 9-12)	8869	22	407
Senior management (Levels 13-16)	1467	22	67
TOTAL	91626	22	4257

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Table 7.4 Capped Leave for 1 April 2003 to 31 March 2004

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2003	Number of Employees	Total number of capped leave available at 31 December 2003	Number of Employees as at 31 December 2003
Lower skilled (Levels 1-2)	1837	4	72	499	155691	2148
Skilled (Levels 3-5)	318	1	60	499	23217	388
Highly skilled (Levels 6-8)	466	1	57	499	35122	616
Highly skilled (Levels 9-12)	248	0	64	499	19382	301
Senior (Levels 13-16)	62	0	69	499	3314	48
TOTAL	2931	6	68	499	236726	3501

Table 7.5 Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2003/04 due to non-utilisation of leave for the previous cycle	15	1	15000
Capped leave payouts on termination of service for 2003/04	1,711	100	17110
Current leave payout on termination of service for 2003/04	257	42	6119
TOTAL	1983	143	13867

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Table 8 Details of Health Promotion and HIV/AIDS Programmes

Question
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.
Yes, Ms G Sebati
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available fo
Yes EAP unit headed by a Deputy Director
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? so, indicate the key elements/services of the programme.
Yes we have key elements are:
Professional counseling and assessment services
Life Management services/Life skills Development programs
Health and Wellness promotion/visibility
Critical Incident Services
Managerial consultancy, EAP Account Management-i.e. liaison co-ordination, regular utilization reportage
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.
Yes, Refer to the attached list of committee members
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.
Yes
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.
Yes
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.
Yes
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.
Yes, Health and wellness questionnaires are distributed to employees
Information sessions are conducted

Wellness Committee

- Employee Assistance Program: Alfred Thavhanyedza 337-2568 (Chairman)
- All Regional offices: Kabelo Makitla of the Pretoria regional office.(Secretary)
- Communication and Marketing: Seipati Kubheka. 337-2065
- Policy, EPWP and NPWP : Tracy Cheetam 337-2232
- Director: HR Planning and Recruitment: Gretchen Sebati.
- HIV/AIDS and Gender: Minah Jonas. 337-2568
- Asset Management, Property Management and the DG's office: Pari Pillay. 337-2182
- Risk management and Occupational Health and Safety: Charles Beaurain. 337-2150
- Labour [PSA, NEHAWU,PAWUSA,NUPSAW & SASAWU]
- PSA: Mr. J. Thoane, 337-2226 NEHAWU: Mr. T. Dlamini, 337-2048 PAWUSA: Mr. I Moethloa, NUPSAW: Mr. S. Sebanda, 329-3965 SASAWU: Mr. T Motise 337-2792

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- Human Resources Development :Thabile Zuma 337-3381
- Labour Relations: Mr. Thule Matshate 337-2582
- Procurement/ Finance: Itumeleng Lenken 337-2139
- Ronel Visagie: Volunteer employee 337-2053
- Ronel Mostert: Human Resources 337-2591
- Elizabeth Mathebula: Human Resources 337-2707

9. Labour Relations

Table 9.1 Collective agreements

Subject Matter	Date
Arbitration	0
DTT	0
Total number of collective agreements	0

Table 9.2 Misconduct and Disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of Total
Verbal Warning	29	22.83
Written warning	30	23.62
Final written warning	30	23.62
Not guilty	4	3.15
Case withdrawn	1	0.79
Dismissal	33	25.98
TOTAL	127	100

Table 9.3 Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number	% of total
Fraud, absenteeism, admin irregularities, abuse of state property, failure to declare, insolent behavior, alcoholism, assault, intimidation, absconment, theft.	40	100
Total	40	

Table 9.4 Grievances Lodged

Number of grievances addressed	Number	% of total
Resolved	7	17.1
Not resolved	34	82.9
Total	41	

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Table 9.5 Disputes Lodged

Number of disputes addressed	Number	% of total
Upheld	9	69.2
Dismissed	4	30.8
Total	13	100

Table 9.6 Strike Actions

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

Table 9.7 Precautionary Suspension

Precautionary Suspensions	—
Number of people suspended	0
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	455
Cost (R'000) of suspensions	239000

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10. Skills development

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

10.1 Training needs identified 1 April 2003 to 31 March 2004

Occupational Categories	Gender	Number of employees as at 1 April 2003				
			Learnerships	Skills Programmes & other short courses	Other forms	Total
Legislators, senior officials and managers	Female	18				
	Male	42				
Professionals	Female	84				
	Male	213				
Technicians and associate professionals	Female	155				
	Male	167				
Clerks	Female	486				
	Male	233				
Service and sales workers	Female	3				
	Male	72				
Skilled agriculture and fishery workers	Female					
	Male					
Craft and related trades workers	Female	7				
	Male	223				
Plant and machine operators and assemblers	Female	1				
	Male	66				
Elementary occupations	Female	1194				
	Male	1560				
Total		4508				

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10.2 Training provided 1 April 2003 to 31 March 2004

Occupational Categories	Gender	Number of employees as at 31 March 2004	Training needs			
			Learnerships	Skills Programmes & other short courses	Other forms	Total
Legislators, senior officials and managers	Female	17		19	01	20
	Male	47		23	03	26
Professionals	Female	84		01	01	2
	Male	112		11	04	15
Technicians and associate professionals	Female	57		26		26
	Male	177		76		76
Clerks	Female	454		142	42	184
	Male	219		85	31	116
Service and sales workers	Female	5				
	Male	70				
Skilled agriculture and fishery workers	Female					
	Male					
Craft and related trades workers	Female	7				
	Male	386		18		18
Plant and machine operators and assemblers	Female	1				
	Male	58				
Elementary occupations	Female	1233				
	Male	1543				
Total		4470		301	82	383

11. Injury on duty

The following tables provide basic information on injury on duty.

TABLE 11.1 Injury on duty, 1 April 2003 to 31 March 2004

Nature of injury on duty	Number	% of total
Required basic medical attention only	40	89,58
Temporary Total Disablement	5	4,17
Permanent Disablement	1	2,08
Fatal	0	0
Total	46	100

