



DEPARTMENT OF PUBLIC WORKS

ANNUAL REPORT

2010/2011



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF PUBLIC WORKS
ANNUAL REPORT
2010/11

Mrs GL Mahlangu-Nkabinde
Public Works Minister

I have the honour of submitting the Annual Report of the Department of Public Works for the period 1 April 2010 to 31 March 2011.

Mr Mandla Mabuzza
Acting Director-General
22 September 2011



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CHAPTER 1: GENERAL INFORMATION



Marion Island



General Information

1. GENERAL INFORMATION

VISION

“To be a world-class Public Works Department”

MISSION

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

- Efficiently manage the asset lifecycle of immovable assets under its custodianship;
- Provide expert advice to all three spheres of Government and state-owned entities on immovable assets;
- Contribute to the national goals of job creation and poverty alleviation through programme management, leading and directing 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

The following values are the principles that bind and guide DPW in its continuous effort toward service delivery improvement:

URGENCY

All tasks are attended to timeously and diligently.

INTEGRITY

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

CLIENT FOCUS

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

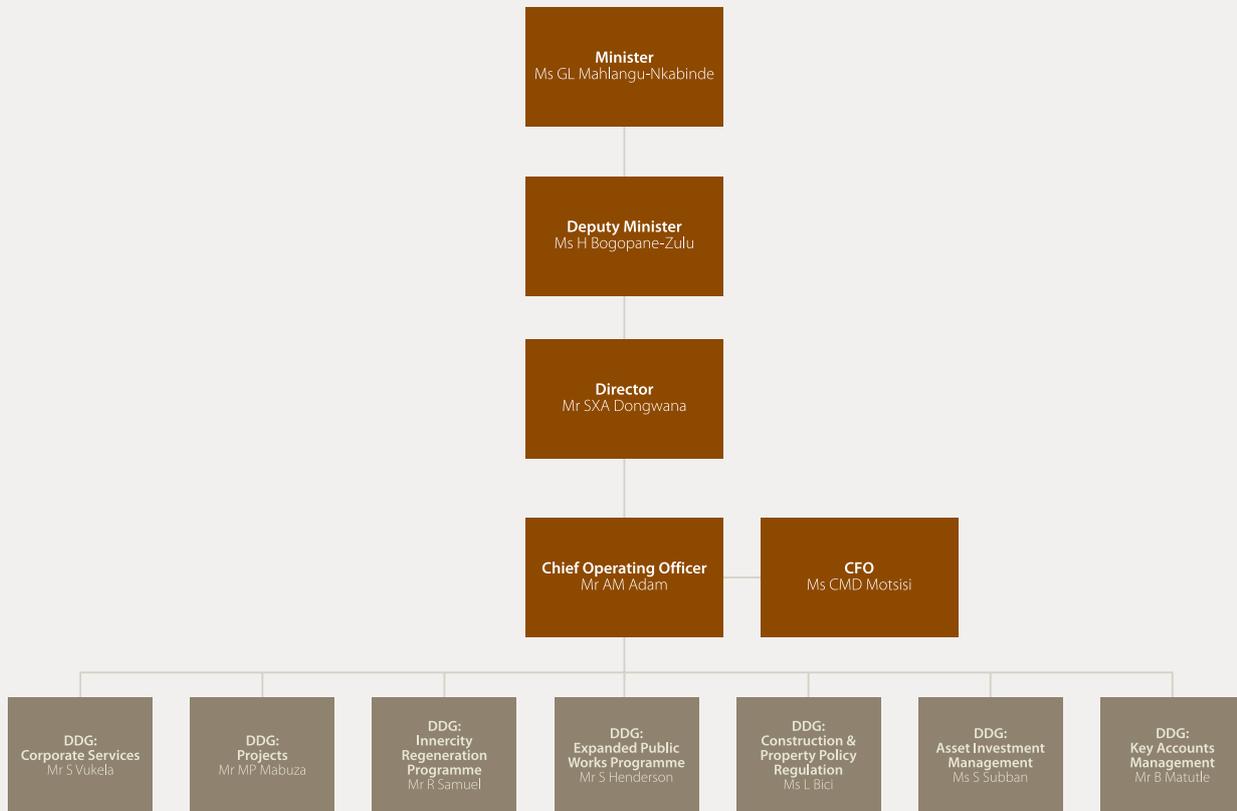
TEAM WORK

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



General Information

ORGANISATIONAL STRUCTURE



LEGISLATIVE MANDATE

In terms of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) and other relevant legislation, DPW's mandate is the custodianship and manager of national government's immovable assets. This includes the provision of accommodation requirements; rendering expert built environment services to user departments and the acquisition, management, maintenance and disposal of such assets.

ENTITIES REPORTING TO THE MINISTER

The following entities report to the Minister of the Department of Public Works:

Name of entity	Legislation	Nature of Business
The Construction Industry Development Board (CIDB)	CIDB was established in terms of Act No.38 of 2000	The main objective of the board is to provide strategic direction for sustainable growth, reform and improvement of the construction sector and its role in the economy. It seeks to promote an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.
The Council for the Built Environment (CBE)	CBE was established in terms of Act No.43 of 2000.	CBE's main role is to oversee the six built environment professional councils who regulate the professions of Architects, Engineers, Landscape Architects, Quantity Surveyors, Project and Construction Managers as well as Property Valuators.
Agrément South Africa (ASA)	Draft bill still in progress	Agrément S.A was established by the Minister of Public Works in 1969 as an independent organization to bring impartial judgment to the evaluation of innovative construction products and systems in the interest of the consumer. Its purpose is to ensure that the introduction, application and utilisation of innovation and technology will add value to the process of assessment and certification and promote integrated socio-economic development.



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Name of entity	Legislation	Nature of Business
The Independent Development Trust (IDT)	Deed of Trust which was amended in 1998. The trust has been listed as a schedule 2 Public Entity since 1998/99.	The IDT was established in 1990 as an independent, temporary grant-making agency with a R2 billion government grant. In March 1997 Cabinet endorsed a recommendation on the redefinition of the role of the IDT: <i>"The IDT must be transformed into a government development agency that will implement projects which are commissioned by government departments. It must cease to be a civil society organization, an independent agency or a funding agency"</i> . Hence the Deed of Trust was amended in 1998. The trust has been listed as a schedule 2 Public Entity since 1998/99.
Property Management Trading Entity (PMTE)	Established through the National Treasury	<p>The Property Management Trading Account (PMTE) has its origins in the devolution of budget and the introduction of accommodation charges.</p> <p>The purpose was to ensure the long term sustainability of the department and the immovable assets it manages, within the requirement of the Public Finance Management Act (PFMA) to reflect the full cost of a service on the budget of a user.</p>



MINISTERS' FOREWORD



It gives me great pleasure to unveil the Annual Report of the Department of Public Works for the financial year 2010/11. Any reflection of the year under review immediately brings to mind the milestones we achieved as a country in hosting the historic 2010 FIFA World Cup™. It was a year of nation building. It was a year to show case our ability to manage both timeously and seamlessly, a project of such great magnitude. It was a year to position South Africa as an uncontested competitive player in the global community. For us in the Built Environment community of practice, it was a benchmarking moment of greatness as we successfully displayed our Built Environment professional abilities with the unprecedented demand for infrastructure linked to the 2010 FIFA World Cup™. We were not deterred by the tight timelines, streamlined procurement systems, acute shortage of skills or the ripple effect of the global economic recession in the construction industry in our pursuit to deliver a successful 2010 FIFA World Cup™.

It is for this reason that as the Minister of Public Works, I am greatly indebted to the Government of South Africa, host cities and their municipalities, the Department of Public Works, its public entities, Built Environment professionals, stakeholders and contractors in the construction industry for the year well done.

The Annual Report of the Department of Public Works that I present articulates with clarity the enormity of the task that confronted this Department in the financial year 2010/11 especially that which is brought about by how we have reconfigured ourselves to address the ten priority areas of Government. The Annual Report takes note of the Government Immovable Asset Management Act (GIAMA) of 2007 that may not have anticipated this change and therefore the legislative and institutional pillars for implementation were not always in place. However, it recognises the practical and administrative constraints that the Department will have to deal with in its implementation going forward.

On the eve of a review of GIAMA (2007) we can testify to witnessing a significant shift in the value and function of Government's immovable assets from being assets to accommodate the machinery of repression to recognition of the State's assets as a vehicle for service delivery in the short democratic history of South Africa. The assets of the State are indeed a complex portfolio. The Department has made progressive attempts to manage this portfolio, evident through the development of Asset Management Plans, the enhancement of the data integrity of the Asset Register, the acceleration of unutilised property disposals, prioritisation of maintenance and capital budgets as well as improving our portfolio analysis through increased capacity in valuation, investment analysis and property industry research. The devolution of client, maintenance, property rates, leasing and municipal services budgets and the ongoing management of client accommodation charges represent only some of the elements of the Department's portfolio of evidence. It is evidence attesting to the utilisation of State assets in support of service delivery, prudent financial management and compliance to the precepts of the PFMA of transparency and accountability. Much emphasis has also been placed on increasing accessibility to State owned buildings by persons living with disabilities.

The global economic downturn of recent years dealt a blow to many economies and sectors worldwide. The construction industry was also not spared. Spurred on by the *Framework for South Africa's Response to the International Economic Crisis* of 2009 and the *New Growth Path* of 2010 the Department was able to draw from the cyclical delayed effects of the economic recession on the construction industry. As a result, the year under review witnessed construction for client departments notably those in the Safety and Security as well as the Justice Clusters. A significant number of police stations and magistrates courts were handed over to client departments. Major land ports of entry at Golela (Swaziland), Vioolsdrif (Namibia) and Lebombo (Mozambique) were given extensive facelifts ahead of the country hosting the 2010 FIFA World Cup™ tournament. On the international front, embassy houses were completed and handed-over in Nigeria, Ethiopia and Lesotho while the Oliver Reginald Tambo Military Development Academy was officially opened and handed over by President Jacob Zuma to the people of Uganda. It is the same spirit of solidarity which saw the government through the Department, laying foundations for memorial structures at Matola in Mozambique as well as in Angola.



General Information

The Commission on Growth and Development, in its 2010 *Post-Crisis Growth in Developing Countries* alludes to the role of the built environment in providing the necessary incubator space required to revitalize economies emerging from the recession. This expectation is also echoed by the *New Growth Path Framework* of our Government for employment-led economic growth. The momentum displayed by the Department's Inner City Regeneration Programme has been encouraging. Building on work spearheaded over four years ago through the Rea Kgabisa Tshwane Programme, the Inner City Regeneration Programme is providing foresight to the Department's contribution to the vision of Government's much welcomed National Planning Commission. Working with major metropolises, in particular the City of Tshwane Metropolitan Municipality master planning has been undertaken and is close to completion towards creating more economically viable inner cities in support of the growth of specific economic sectors highlighted in the New Growth Path.

Our contribution as the city's largest property owner and manager of the largest lease portfolio cannot be under-stated. Notwithstanding a long term plan to reduce our leasing portfolio, it is expected that the roll-out of a master planning initiative on inner city regeneration in all the metropolises of South Africa, will still create the desired boost to the construction and property industries in terms of their development, growth and transformation, as well as to economic growth and job creation.

Through this programme I am also pleased to report on heightened construction activity that has lent itself well to the deliberate design of Government to reduce its dependence on leased accommodation while increasing the use and availability of own stock. This is a strategic move in the long run, calculated to reduce the leasing costs and strengthen the muscle of Government as a dominant player in the property industry. Already, the Department has begun to utilise its muscle as the property owner and property developer of note, by converting unused government-owned stock into student accommodation for disadvantaged students. In the year 2010/11, work to this effect began in Bloemfontein and Pretoria.

In collaboration with the Department of Defence, the Department accelerated its programme of work on the construction of low cost community bridges. In the same vein, using alternative construction methods, significant progress has been registered in our pursuit to eradicate mud schools across the rural landscape of South Africa.

While progress is noted in some areas, the transformation challenge within the Built Environment industry remains a daunting task. The Department's 1996 White Paper on "*creating an enabling environment*" for the promotion of growth and transformation of the construction industry laid a foundation for what has proved over the years to be an admittedly slow path to transforming a critical industry despite a policy instrument of the Department on Broad-Based Black Economic Empowerment. While we look forward to seeing the Property Transformation Charter being gazetted very soon, the ground work undertaken by Property Sector Charter Council in managing a difficult consultative process towards this goal must be commended.

But generally the year under review has not been without some serious challenges for the Built Environment. As a result the majority of policies guiding the discharge of the public functions by the Council for the Built Environment (CBE) and Built Environment Professional Councils (BEPCs) have since been developed. Similarly the role of the Construction Industry Development Board (cidb) in reversing a decline in the construction industry is being addressed. Amended regulations aimed at improving the registration criteria to remove unnecessary bottlenecks in the registration process as well as improving efficiency and integrity of the Register of Contractors have been completed and will be unveiled soon.

Key development indicators of poverty and employment continue to paint a picture of despair for the majority of South African people. Notwithstanding these persistent challenges, the financial year under review also gave practical meaning to government's commitment to job creation, high and more inclusive economic growth, reduced inequality and accelerating access to quality public services.



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A renewed commitment by Cabinet to support the Expanded Public Works Programme in its second phase is not only testimony to the success of the Programme since its inception in 2004, but also testimony to our will as a Government to deliver on the promises of our hard earned democracy. To date, the numbers of job opportunities that have been created across all the four sectors of the Programme in all the provinces are indicative of our commitment as a Department to address the twin ills of poverty and unemployment. In addition, concomitant skills were also provided through the EPWP as evidenced by the growing number of youth in diverse training programmes. I must also applaud the efforts of municipalities in cooperating with us on programme reporting given their difficult capacity challenges, as we strive to give the country a clear and authentic report of the impact of the EPWP in poverty alleviation.

It is a well known fact that a major challenge to the South African economy is its skills shortage. In the year 2010/11, the Department embarked on significant skills development programmes. This included our regular skills pipeline interventions through learnerships and internships as well as a deliberate effort to develop young professionals. To meet the demand for skills, the Department also called on all qualified and yet-to-qualify artisans and engineers to register on the Department's database in support of our newly adopted policy to utilise our own resources and capacity.

As we prepare to host the COP 17 Conference on Global Climate Change in December 2011, it is our opportunity as South Africa to showcase work well done in greening our economy through energy saving initiatives of various types. Indeed the Department of Public Works looks forward to sharing its own Green Building Strategy to a community of practice that will assist in sharpening our focus to reduce carbon emissions and footprints involved in managing so large a property portfolio.

The report of the Auditor-General for 2010/11 speaks to the need for a serious review of all our management systems. The challenges for the Department of Public Works are many and sometimes quite complex. But there is evidence to point to the resilience of this Department as it begins the journey of rebuilding its reputation brick by brick and rebuilding public trust in its mandate and corporate governance.

As a Department we must remain adamant in ensuring the highest standards of provision of official accommodation for all national departments of our government; in providing construction and management services to client departments; providing leadership for and coordinating the Expanded Public Works Programme; and, realising to its fullest the mandate of job creation for all South Africans. We will continue to enhance service delivery. We will always count on our loyal and dedicated human capital, in order to achieve our vision of being the best, and further ameliorate the national standing of the Department of Public Works.

Ms GL Mahlangu-Nkabinde, MP
Minister of Public Works
22 September 2011



General Information

ACCOUNTING OFFICER'S OVERVIEW

The National Department of Public Works is mandated to provide office, functional and residential accommodation to National Departments and Political office bearers. It is also responsible for the transformation of the property and construction industries in the country as well the facilitation and coordination of the Expanded Public Works programme for the creation of job opportunities in the infrastructure, social, environmental and non-state sectors.

The Department has prioritised the management of its significant immovable asset portfolio that comprises of 109 293 properties countrywide of which 73 398 are buildings and improvements and 35 895 land parcels. The asset register is being enhanced and additional fields will be added to comply with accounting standards. Over 80% of the information fields relating to these properties have been captured on the register and approximately 35% of land parcels have been vested. The Department has assisted user departments in the compilation of their User Asset Management Plans (U-AMPS) and signed 16 SLAs with user departments during the year to ensure improved standards of service delivery to them. Further attention is needed to the valuation of properties, the assessment of municipal valuations, the optimum utilisation of vacant properties and general alignment with GIAMA requirements. A concerted effort to trace government properties that are presumed to be unaccounted for or are being illegally occupied will be started with an amnesty campaign.

The department did not migrate to the iEWorks system as reported in the previous financial year. The delays were as a result of the development aspects of the system which were not adequately tested at the end of the financial year.

The vesting master plan was approved during the year under review and implementation started in earnest with the department employing contract workers to accelerate the vesting.

The interdepartmental task team formed with National Treasury for expediting the vesting was further improved to deal holistically with all the immovable asset register challenges. To date the task team has revised the immovable asset sector guidelines and minimum requirements to enable the custodial departments to reach the desired end state of full compliance. In addition there have been regular meetings with provincial custodians to ensure uniformity and GIAMA compliance. The project of improving the asset register will further be enhanced by the appointment of service providers and project managers who will provide support to the regions and Head Office.

We have also embarked on an aggressive drive to intensify collaboration with other spheres of government and to provide service directly to citizens. Supported by our public entities we have sought to streamline new technologies and try rapid procurement methods aimed at delivering basic but essential community infrastructure and other services. For example, with the Department of Education and through the Independent Development Trust (IDT), we are overseeing the implementation of an intensive programme for the construction of safe schools. Other examples include the placement of EPWP officials at Municipalities to assist them with their EPWP project planning, the release of 34 land parcels, Totalling 6327 hectares for land reform, and 4 land parcels, Totalling 1031 hectares, for human settlement. This addresses the Government's strategic target of availing land for social development.

The department will continue to forge partnerships with other spheres of government to accelerate service delivery as well to stimulate job creation opportunities. Some of the initial projects in this arena include the repair of potholes in the Tshwane Metro and the construction of bridges in areas where local inhabitants, especially children, are forced to cross flooded rivers to get to school and other amenities. The bridge building project is being undertaken together with the Department of Defence.

Six bridges were completed during the year under review, in the following areas:

- i. Nquqhu river crossing, which is positioned between Mqhanqeni and Maqwadini villages. A minimum of 300 pupils cross the river to school on daily basis and the community members cross the river to social and economic amenities.
- ii. Port St Johns Ntafutufu bridge
- iii. Daluhlanga bridge in Umzimvubu Municipality
- iv. Bailey bridge constructed across Lefukufuku river in Tsomo
- v. Macoza pedestrian bridge in King Sabata Dalindyebo Municipality in Umtata
- vi. Cezu pedestrian bridge in King Sabata Dalindyebo Municipality in Umtata



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With respect to the programme on pothole fixing, this programme is employing about 500 unemployed youth in each municipality for a period of six months, at a stipend of R90 per day. This programme will be rolled out to other municipalities in the current financial year.

The EPWP continues to be one of the key strategic interventions by government to fight for poverty alleviation and promote job creation. The programme has managed to achieve 98% against the set target of 642,000 job opportunities, although only 48% of the infrastructure incentive allocation was accessed by municipalities and provinces.

A strategic priority of the Department is to transform the Property and Construction Industries and to increase the participation of Women, Youth and People with Disabilities in these industries. The Department itself is focussed on driving these numbers and the EPWP programme reported participation of 62% women, 51% youth and 0,45% PWD in their projects. A Disability Policy has been approved which will give impetus to this programme. Projects undertaken by the Department during the year included making 121 buildings accessible to people with disabilities. Internally, the number of contracts awarded to HDI companies reached 1080, compared to 224 for non-HDI companies for the year.

A review of the Expropriation Act, 1975 is underway and it is projected that a Bill will be Tabled in Parliament at the end of 2011/12 financial year. Extensive consultation with stakeholders will be undertaken in the 2011/12 financial year.

During the year under review the department received R1, 096 billion as conditional grants to Provinces for the payment of rates & taxes to Municipalities. This amount was adjusted by R769 million during the adjustment estimates to augment the shortfall experienced by some of the provinces.

A roll over request of R120 million was also approved, resulting in a Total of R1, 986 billion being available in the provinces for the devolution of property rates.

The full amount was transferred to the respective Provinces as agreed through the Division of Revenue Act framework. As at the end of the financial year 93.9% of the transferred amount had been paid to the Municipalities. The remaining (unspent) balance of 6.1% was largely attributable to the systemic issues emanating from the late submission of invoicing, incorrect billing and capacity issues in the Municipalities, incomplete asset registers by both provinces and national public works and incomplete valuation rolls.

Reporting was duly done to National Treasury in line with the framework. The department has also satisfied itself through reports received from provinces that the amounts were used for the intended purpose.

For the year under review the Department undertook many construction and maintenance projects amounting to approximately R5, 7 billion. The building programme consisted of minor projects of three months and major projects running over three years with various start and completion dates.

It should therefore be noted that while other projects are completed others are overlapping into the next financial year. The summary below summarizes the status quo of the building programme.

Projects	Total Budget	Status 4 Tender Stage	Status 5 Tender Recommendation	Status 5a Pre- Site Handover	Status 5b Construction Stage	Status 6a First Delivery Stage	Status 7 Final Delivery Stage	Status 8 Construction Completed	Total Projects
Capital Projects	R3,7 billion	27	10	7	332	192	336	42	946
Planned Maintenance	R2 billion	37	10	4	249	86	109	16	511

Some examples of the projects completed and handed over were the following:

- Free State: Newly constructed DPW Regional offices
- Limpopo: Nylstroom Prison and Leshego Treatment Centre
- North West: Joubertinah Police Station, Klerksdorp



General Information

- Eastern Cape: Renovations & repairs for Home Affairs, Justice & Royal (Great) Place
- Gauteng: Magistrate Courts in Tsakane & Thokoza
- Mpumalanga: Magistrate Court in Ekangala
- Northern Cape: New Generation Prison & Galeshewe Magistrate Court, Kimberley
- KwaZulu – Natal: Renovations & repairs to Chatsworth Police Station

Our building programme continues at a brisk pace. Facilities on behalf of Justice were recently completed and handed over at places as diverse as Galeshewe (Kimberley), Colesburg, Pietermaritzburg and Butterworth, among others.

Accommodation needs for the South African Police Service remained paramount for the year under review. The rural communities of Botlokwa and Jane Furse in Limpopo witnessed the official handover and opening of new facilities.

Repairs to buildings and infrastructure in harbours in the Western Cape have commenced. This is a good example of how work opportunities are created by using locals to do maintenance work as part of the labour intensive method of construction.

The department has also strengthened the partnership between the Inner City Regeneration Branch and the city of Tshwane aimed at developing Tshwane into a capital city of excellence.

With the support of National Treasury, the Department (DPW) previously signed a Memorandum of Understanding with the City of Tshwane (CoT) followed by the conclusion of a Service Level Agreement during the year under review. The purpose is the refinement and updating of the CoT's Inner City Integrated Development Framework into detailed implementation frameworks and urban management plans for the precincts within the Inner City. DPW and CoT have through an open tender process jointly appointed a highly skilled and experienced planning & urban design consortium to produce these frameworks and management plans.

The department's approved budget including adjustment estimates was R7 365 billion an increase of 22% from the 2009/10 year's adjusted budget of R6 049 billion.

Of the allocated amount, 70% is allocated to Programme Two which is the core of the business of the department and 19% allocated to Programme Three, the Expanded Public Works Programme.

The budget allocation of R5 204 billion for Programme Two includes R3 853 billion for the following, which represent 74% of the Programme budget:

- R1 865 billion allocated for Devolution of Property Rates Funds to Provinces Grant.
- R1 376 billion allocated for Infrastructure for capital projects relating to buildings and other fixed structures.
- R 612 million for the augmentation of the self funding Property Management Trading Entity.

The financial performance of the department showed spending of R6, 6 billion representing 90% of the actual allocation. A year on year comparison shows a decrease of 4% which is largely attributable to unspent funds for incentive grants under the EPWP.

Improved cash flow and expenditure management have yielded positive results as the department did not incur any overspending for the year under review. The details of capital assets, compensation of employees, transfers and subsidies, payments for financial assets virements are captured in various sections of this annual report.

Mr Mandla Mabuza
Acting Director-General
Department of Public Works



**CHAPTER 2:
INFORMATION ON
PREDETERMINED OBJECTIVES**

Forensic Laboratory in Cape Town



Information on Predetermined Objectives

2. INFORMATION ON PREDETERMINED OBJECTIVES

2.1 OVERALL PERFORMANCE

2.1.1 VOTED FUNDS

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
6,446,325	7,364,797	6,615,083	749,714
Responsible Minister	Minister of Public Works, Mrs Gwen L Mahlangu Nkabinde, MP		
Administering Dept	Department of Public Works		
Accounting Officer	Acting Director-General Mr Mandla Mabuza		

2.1.2 AIM OF VOTE

The aim of the Department of Public Works is to provide for and manage the accommodation, housing, land and infrastructure needs of national departments; lead and direct the implementation of the national Expanded Public Works Programme; and promote growth, job creation and transformation in the construction and property industries.

2.1.3 SUMMARY OF PROGRAMMES

Programme 1: **Administration**

Purpose: To provide strategic leadership and support services, including accommodation needs, and overall management of the department.

Programme 2: **Immovable Asset Management**

Purpose: To provide and manage government's immovable property portfolio in support of government's social, economic, functional and political objectives.

Programme 3: **Expanded Public Works Programme**

Purpose: Ensure the creation of work opportunities and the provision of training for unskilled, marginalised and unemployed people in South Africa by coordinating the implementation of the expanded public works programme.

Programme 4: **Property and Construction Industry Policy Regulations**

Purpose: Promote the growth and transformation of the construction and property industries. Promote uniformity and best practice in construction and immovable asset management in the public sector.

Programme 5: **Auxiliary and Associate Services**

Purpose: To provide various services, including compensation for losses on government-assisted housing schemes, assistance to manage the preservation of national memorials, managing grants for the Parliamentary Village Management Board, and meeting protocol responsibilities for state functions.



Information on Predetermined Objectives

2.1.4 KEY STRATEGIC OBJECTIVES ACHIEVEMENTS

The department has the following six (6) key strategic objectives:

- **Provide strategic leadership in effective and efficient immovable asset management and in the delivery of infrastructure programmes;**

The Department continues to guide all provinces in the implementation of GIAMA and also Finalised the development of the following guidelines for compilation of immovable asset register; and Condition assessment.

Asset Register has been enhanced to ensure compliance with GIAMA and Sector Specific guidelines in consultation with the Accountant General. Further, 52 contract workers have been appointed to improve the vesting status as per the approved vesting master plan.

During the year under review the Green Building framework document was finalised and to give effect to NIMS, in partnership with CIDB the process to develop guidelines, standards and norms to ensure uniformity and standardisation across the infrastructure sector is currently being developed.

- **Promote an enabling environment for the creation of both short and sustainable work opportunities, so as to contribute to the national goal of job creation and poverty alleviation;**

EPWP provide technical support to 217 Municipalities so that they can able to plan and implement labour-intensive projects

By end of the financial year, EPWP had exceeded its targets of 642 000 work opportunities and created 643 100 work opportunities

The Kamoso awards was successfully held where the achievements of various beneficiaries were celebrated in February 2011

The EPWP municipal summit also proved to be a huge success where over 150 municipalities were represented by more than 600 delegates and agreed on the way forward regarding the acceleration of job creation program.

The newly established non-state sector by far surpassed their targets and created 33 083 work opportunities against the set target of 24 000; translating to 137,8% delivery and 9 082 more work opportunities

- **To contribute to the building of a developmental state and a comprehensive rural development framework through state assets;**

6219 hectares and another 107 hectares of land has been released to support this initiative. Further, to facilitate sustainable human settlement and support improved quality of household life, 1031 hectares of land has been released to support this shared outcome.

- **Ensure transformation and regulation of the construction and property industries to ensure economic growth and development;**

The Property Sector Transformation Charter was published for public comments as a process of being gazetted as section 9(1) of the BBBEE Act. The application is under consideration by the Minister of Trade and Industry.

A comprehensive Built Environment Skills Report was produced that provides registration and graduation data from built environment programmes at tertiary institutions as well as candidate and professional registration data from professional councils.



Information on Predetermined Objectives

A series of research papers were commissioned that focused on environmental issues, poverty, and job creation. The environmental paper when completed would guide the Department in reducing its carbon foot print as the Department moves towards the realization of green buildings. The papers on job creation and poverty alleviation will aid the Department, in constructing and maintaining its buildings, to maximize job creation opportunities and to contribute to the eradication of poverty.

Review of the Expropriation Act (1975) is underway to ensure consistency with the Constitution as well provide uniformity to all Expropriating Authorities. Draft 6 of the Expropriation Bill has been developed taking into account comments raised by various stakeholders. The Regulatory Impact Assessment process for the review has been initiated in consultation with National Treasury.

The Department actively participated in the South African Law Review Commission's project to identify and recommend legislation for repeal or amendment to ensure consistency with the Constitution.

The Department also drafted proposals on possible amendments to Chapter 4 of the Ministerial Handbook which were submitted to DPSA.

- **To ensure effective corporate governance and sound resource management; and**

The department has a fully functional Audit & Risk Management Committee (ARMC) which provides oversight on governance, risk management and control activities. The department also has a Risk Management Policy and Terms of Reference for the Executive Risk Management Committee (ERMC) which has approved by the Acting Accounting Officer.

The executive committee of the department meets weekly to discuss strategic issues as well as to monitor progress with regards to key deliverables.

The resources of the department are managed through early warning systems which have been put in place to enable proactive detection of possible over or under expenditure. The system includes monthly analysis of the budget against expenditure to detect cost drivers and abnormal transactions.

Verification of movable assets was conducted twice during the year under review. The asset register is continuously updated and reconciled to ensure completeness of the assets acquired.

- **Ensure improved service delivery in all departmental programmes to meet clients' expectations and leverage stakeholder relations**

In compliance with the Intergovernmental Relations Framework Act, 2005, the relationship with spheres of government has improved tremendously during the period under review through convening the Intergovernmental fora on quarterly basis, namely MINMEC, HOD's Forum, GIAMA Implementation Technical Committees, CFO's forum -dealing with amongst others, Property Rates and Taxes, EPWP National Co-ordinating Committee, Client Relations Forum

Key Accounts Management

The National Department of Public Works has continued to provide infrastructure and related services to 43 national user departments' and entities.

The Key Accounts Management Branch is responsible for processing the accommodation requirements of Users through the projects and property branch.

Towards the improvement of service delivery, certain projects have been decentralized for execution at the point of delivery at regional offices located in all provinces.



Information on Predetermined Objectives

Capital Works, Planned Maintenance, Rehabilitation and Property related projects are executed in line with certified needs assessments as provided by user departments' and entities.

To comply with the Government Immovable Asset Management Act (GIAMA) and to enhance the Departments service delivery model, the department has made significant progress in marketing its Service Level Agreement and Service Delivery Standards, User Asset Management Plans and refine its Implementation Programmes in consultation with Users.

A Total of 34 User Asset Management templates have been completed representing a 90% achievement for the 2010/11 financial year as well receipted 50% of signed Service level Agreements.

Inner-City Regeneration

The precinct master plan is in its operational phase following the signing of the Service Level Agreement (SLA) with the City of Tshwane (COT). Accordingly, on 2 February 2011 a consortium was appointed by the City in collaboration with Department of Public Works (DPW).

The following precincts form part of the master plan in the following order of priority:

- Salvokop Precinct
- Church Square Precinct
- Marabastad Precinct
- Church street East Precinct
- Paul Kruger South Precinct
- Paul Kruger North Precinct
- South Eastern Precinct
- North Eastern Precinct

Notwithstanding the fact that the precinct master planning is a two year process, provisions have been made to accommodate interim decisions to satisfy urgent projects.

2.1.5 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2010/11

The new programme structure has five programmes and both the Strategic Plan and Annual Performance Plan reflect the structure. The service delivery environment for the year under review is underpinned by a number of strategic pillars, captured under the following sub-themes:

Implementation of Outcomes-based Approach

The Department has implemented its programmes guided by five outcomes out of the twelve national outcomes. This includes outcomes in the Minister's Performance Agreement with the President. The outcomes, the Department contributed to and implemented through the national cluster management system are listed below:

- Create decent employment through inclusive economic growth.
- Create efficient competitive and responsive infrastructure network;
- Efficient and effective development-oriented Public Service and an empowered fair and inclusive citizenship;
- Skilled and capable workforce to support an inclusive growth path and
- Sustainable Human Settlements and improved quality of household life.

The Department has also committed itself to Service Delivery Agreements with other national departments and the other two spheres of government.



Information on Predetermined Objectives

Risk management

The Department has an operational Audit and Risk Management Committee (ARMC). Risk assessments, monitoring and evaluations are carried out on an annual basis and risk reports are submitted to the ARMC. The Fraud Prevention Plan was rolled-out to all the Department's Regional offices.

The Government Immovable Asset Management Act, Act 19 of 2007 (GIAMA)

The Act, under the custodianship of the Department, continues to guide the development of asset management plans government-wide.

Human resource management

The Department operates in an environment that requires specialist skills in the built environment and property sector. To address the shortages, it has designed and implemented the Young Professionals, internship and learnership and bursary programmes. Thirty three Cuban professionals recruited through the Cuban/SA bilateral programme, also played an instrumental role in service delivery. These programmes are complimented by those implemented by the Public entities that report to the Department.

Business processes

During the year under review, there was recognition that the Information Service business architecture of the Department needs to reviewed and integrated to ensure improved service delivery.

The Property Management Entity (PMTE)

The devolution of budgets, payment of rates and taxes and roll-out of accommodation charges are located under the PMTE. The entity receives an annual allocation from National Treasury and the allocation was R612 967m.

Operation Re a Patala

The programme was implemented to improve payment to suppliers of goods and services.

The Expanded Public Works Programme

As part of the Department's external reach, the department has played an instrumental role in providing technical support to an increased number of municipalities, around the country.

Financial allocations

The Accounting Officers' report provides for virements and roll-overs.

2.1.6 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2010/11

During the year under review the department made attempts to merge the two Regional offices situated in Gauteng and Eastern Cape respectively. The rationale for this was to streamline the points of entry and exits to these provinces. However, financial constraints such as mass relocation / resettlement costs related to human, accommodation and logistics hampered progress of the plan to go forward.

The departmental structure expanded with a significant number of permanent positions being added, evaluated and filled within EPWP phase 2 and other units. Implementation of job evaluation for drivers / messengers posts which were evaluated through the DPSA coordinated process, establishment of sports committees that have a representation of all DPW regional offices and the development of HIV / AIDS Mainstreaming document.

The Department has for the period under review experienced significant capacity challenges in critical positions which among others include the suspension of the Accounting Officer and the Chief Operating Officer who subsequently resigned. This has resulted in the Department functioning with a number of officials acting in key positions.



Information on Predetermined Objectives

2.1.7 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

In its commitment to reducing its carbon footprint, the Department has initiated a series of research papers that will guide the Department in developing a policy and strategy on reducing its carbon foot print, hence positively impacting the environment. Once this policy and strategy has been adopted it would change the manner in which DPW constructs and maintains its assets.

One of the strategic priorities of the Department is to transform the Property and Construction Industries and increase the participation of women, youth and people with disabilities in these industries. A Disability Policy was approved supported by a programme to make buildings accessible to people with disabilities.

The review of the Expropriation Act is underway and extensive consultation with stakeholders will be undertaken in the 2011/12 financial year.

2.1.8 DEPARTMENTAL REVENUE, EXPENDITURE, AND OTHER SPECIFIC TOPICS

The department exceeded the projected revenue collection for the 2010/11 financial year by 49%. Improved revenue collection can be attributed to the sale of capital assets as well as enhanced internal controls and continuous engagement with the stakeholders.

Sales of capital assets:

- ERF 110 Pietersburg has been transferred to the Department of Minerals and Energy for utilisation by the geological survey unit.
- ERF 6075 portion of ERF1 Port Alfred has been transferred to Ndlambe Municipality,
- Remainder of Erf 24277, Cape Town transferred to the Department of Health for the Vaccine Restructuring Programme

The Table below provides a breakdown of the sources of revenue:

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual	% deviation from target
Non-tax revenue	95 816	28 510	39 592	26 415	40 042	51%
Sales of Goods and Services other than Capital Assets	95 816	28 510	39 592	26 415	40 042	13 627
Sales of capital assets	67 664	940	3 062	1 500	1 071	-28.6%
Land and subsoil assets	67 015				1 071	
Other capital assets	649	940	3 062	1 500		-429
Financial transactions (Recovery of loans and advances)	6 624	2382	3 839	3 031	5 017	65.52%
Total DEPARTMENTAL RECEIPTS	170 104	31 832	46 493	30 946	46 130	49.07%

2.1.9 DEPARTMENTAL EXPENDITURE

The expenditure of the department was targeted to reach a 98% level of the Total baseline. The under spending by 10% is largely attributed to the slow moving projects under the infrastructure budget and the EPWP incentives which was not accessed by the Provinces and the Municipalities. Under expenditure under goods & services is largely attributed to the energy efficiency allocation which could not be implemented on time.

The above under spending did not impact on service delivery as the bulk of the capital works and maintenance projects scheduled were duly executed. Stringent measures and close monitoring has been put in place to improve spending in the new financial year.



Information on Predetermined Objectives

2.1.10 TRANSFER PAYMENTS

	Narrative	Amount Transferred
Property Management Trading Entity	The purpose is to ensure the long term sustainability of the department and the immovable assets it manages, within the requirements of the PFMA to reflect the full cost of service of the budget of the user.	612 967 million
Construction Industry Development Board	The main objective of the board is to provide strategic direction for sustainable growth, reform and improvement of the construction sector and its role in the economy. It seeks to promote an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation. Funds are transferred to augment the operations of the board as captured in their strategic plan. The department has put in place monitoring mechanisms which include quarterly performance reviews by the executive committee of the department. Written assurance in line with section 38(1) (j) of the PFMA was duly complied with.	63 665 million
Independent Development Trust (Non State Sector)	This is non state sector wage subsidy meant to increase job creation through involvement of civil society organisations. The wage component of project implemented by Civil society groups are funded through this fund. This fund further assists these groups to provide services at grassroots level and to sustain the work. The beneficiaries are paid a stipend of R60 a day Of note is the intention of government to involve NGO sector to make use of existing service implementation capacity in not-for-profit organisations (NPOs) and, through the application of a wage subsidy, encourage implementers to engage as many poor and unemployed people as possible in undertaking work	179 811 million
Independent Development Trust (Intermediary)	The Non-State sector is implemented through the Independent Development Trust (IDT) that acts as the Intermediary. The Intermediary is responsible for contracting with Non Profit Organisations (NPOs), disbursement of funds, capacity building of the CBOs and monitoring of performance. This fund oversees the work of the intermediary.	10 515 million
Council for the built environment	Its main role to be oversee the six built environment professional councils who regulate the professions of Architects, Engineers, Landscape Architects, Quantity Surveyors, Project and Construction Managers as well as Property Valuers. Funds are transferred to augment the operations of the board as captured in their strategic plan. The department has put in place monitoring mechanisms which include quarterly performance reviews by the executive committee of the department. Written assurance in line with section 38(1) (j) of the PFMA was duly complied with.	25 527 million
Provinces (Devolution of Property Rates)		1 865 227 million
Provinces (EPWP Social Sector)	This is a schedule 5 conditional grant. It is a wage grant allocated to provincial Departments of Social Development and Health for payment of Home Community Based Care caregivers working in NGOs. The grant is meant for payment of stipends to existing non-stipend caregivers in NGOs to achieve the notion of decent work creation	56 637 million
Provinces (EPWP Infrastructure Incentives)	This is a schedule 8 conditional grant meant to incentivise provinces to increase labour intensive employment through programmes that maximise job creation and skills development as encapsulated in the Expanded Public Works Programme Incentive Grant for Provinces and Municipalities (EPWP) guidelines.	182 407 million
Municipalities (EPWP Infrastructure Incentives)	This is a schedule 8 conditional grant meant to incentivise municipalities to increase labour intensive employment through programmes that maximise job creation and skills development as encapsulated in the Expanded Public Works Programme Incentive Grant for Provinces and Municipalities (EPWP) guidelines.	279 622 million
Assistance to Organisations for preservation of National Memorials	The commonwealth War Graves Commission was established by Royal Charter of 21 May 1917, the provisions of which were amended and extended by a Supplemental Charter of 8 June 1964. Its duties are to mark and maintain the graves of the members of the forces of the Commonwealth who died in the two world wars, to build and maintain memorials to the dead whose graves are unknown, and to keep records and registers. The cost is shared by the partner governments – those of Australia, Canada, India, New Zealand, South Africa and the United Kingdom- in proportions based on the numbers of graves.	15 064 million



Information on Predetermined Objectives

Legislation	
s38(1)(j) (PFMA)	<p>Departments are further requested to provide a summary report on the institution's compliance with section 38(1)(j) of the PFMA which requires the accounting officer of the transferring department to ensure that "before transferring any funds to an entity within or outside government must obtain written assurance from the entity that the entity implements effective efficient and transparent financial management and internal control systems or, if such written assurance is not or cannot be given.</p> <p>Render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective efficient and transparent financial management and internal control systems."</p>

2.1.11 CONDITIONAL GRANTS AND EARMARKED FUNDS

	Purpose	Total Allocations	Transfer Trends	Total Transferred	Actual Expenditure	Expected Output	Analysis
Provinces (Devolution of Property Rates)		1 865 227 million	Quarterly	1 865 227 million	1,556,880 million	Payment of Property Rates	<p>78% of the grant was spent by the Provinces.</p> <p>The grant was managed in line with the DORA framework. All payments to Provinces were processed according to the agreed cash flows.</p> <p>Provinces submitted their quarterly performance reports which were duly analysed and reported to NT.</p>
Provinces (EPWP Social Sector)	<p>This is a schedule 5 conditional grant. It is a wage grant allocated to provincial Departments of Social Development and Health for payment of Home Community Based Care caregivers working in NGOs.</p> <p>The grant is meant for payment of stipends to existing non-stipended caregivers in NGOs to achieve the notion of decent work creation</p>	56 637 million		56 637 million			
Provinces (EPWP Infrastructure Incentives)	The EPWP incentive grant to Provinces aims to ensure that there is increased labour-intensity of infrastructure projects implemented by Provincial Departments thus leading to increased job creation.	331 004 million	Quarterly	182 407 million			56% of the incentive grant to Provinces was disbursed mainly due to under reporting and low labour-intensity of projects implemented.
Municipalities (EPWP Infrastructure Incentives)	The EPWP incentive grant to Municipalities aims to ensure that there is increased labour-intensity of infrastructure projects implemented by Municipalities thus leading to increased job creation.	622 996 million	Quarterly	279 622 million			44% of the incentive grant to Municipalities was disbursed mainly due to under reporting and low labour-intensity of projects implemented
Energy Efficiency		75 000 million	Yearly	75 000 million			
Parliamentary Villages Management Board		6 982 million	Yearly	6 982 million			



Information on Predetermined Objectives

	Purpose	Total Allocations	Transfer Trends	Total Transferred	Actual Expenditure	Expected Output	Analysis
Assistance to Organisations for preservation of National Memorials		17 741 million	Yearly	15 064 million			
Independent Development Trust (Non State Sector)	<p>This is non state sector wage subsidy meant to increase job creation through involvement of civil society organisations. The wage component of project implemented by Civil society groups are funded through this fund. This fund further assists these groups to provide services at grassroots level and to sustain the work. The beneficiaries are paid a stipend of R60 a day</p> <p>Of note is the intention of government to involve NGO sector to make use of existing service implementation capacity in not-for-profit organisations (NPOs) and, through the application of a wage subsidy, encourage implementers to engage as many poor and unemployed people as possible in undertaking work</p>	179 811 million	Quarterly	179 811 million			
Independent Development Trust (Intermediary)	<p>This is non state sector wage subsidy meant to increase job creation through involvement of civil society organisations. The wage component of project implemented by Civil society groups are funded through this fund. This fund further assists these groups to provide services at grassroots level and to sustain the work. The beneficiaries are paid a stipend of R60 a day</p> <p>Of note is the intention of government to involve NGO sector to make use of existing service implementation capacity in not-for-profit organisations (NPOs) and, through the application of a wage subsidy, encourage implementers to engage as many poor and unemployed people as possible in undertaking work</p>	10 515 million	Yearly	10 515 million			



Information on Predetermined Objectives

2.1.12 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

2.1.12.1 CAPITAL INVESTMENT

During the 2010/11 year, the following properties were recommended and approved for disposal as outlined below:

- Land redistribution 28 properties with 6219 hectares
- Land restitution 6 properties with 107 hectares
- Human Settlement 5 properties with 1031 hectares
- Foreign Properties - 6 properties
- Commercial Properties - 17 properties

The estimated maintenance backlog indicated below is based on a consultant's report dated June 2006 which quantified the costs of improving the physical work environment, allowing a 10% escalation to date.

MAINTENANCE BACKLOG ESTIMATES 2006-2011		
DEPARTMENT	MAINTENANCE BACKLOG 2006	ADJUSTED MAINTENANCE BACKLOG 2011
Department of Agric, Forestry & Fisheries	20 834 516	30 503 815
Department of Correctional Services	3 582 926 586	5 245 762 815
Department of Defence	9 828 576 767	14 390 019 245
Department of Basic Education	14 880 000	21 785 808
Department of Tourism	226 337 106	331 380 157
Department of International Relations	10 230 000	14 977 743
Department of Health	0	0
Department of Home Affairs	510 901 824	748 011 361
Department of Justice & Constitutional Development	1 016 772 063	1 488 655 977
Department of Labour	127 768 529	187 065 903
Department of Rural Development and Land Reform	15 786 194	23 112 567
Department of State Security	9 300 000	13 616 130
Department of National Treasury	5 613 244	8 218 351
Public Protector	0	0
Presidency	0	0
Department of Public Works	327 058 855	478 846 870
Department of Public Service and Administration	10 000 000	14 641 000
Department of Police	8 601 218 036	12 593 043 327
Department of Science and Technology	0	0
Department of Water and environmental Affairs	27 959 550	40 935 577
Total	24 336 163 270	35 630 576 644

The figures of the maintenance backlog reported above cannot be confirmed as they were not supported by technical condition assessments. In an attempt to reduce maintenance backlog, it has been resolved that condition assessments will be prioritised for identified buildings in 2011/12 and funding has been requested from National Treasury going forward. Due to absence of condition assessments, maintenance is done on reactive bases thus resulting in over expenditure on Planned and Unplanned maintenance expenditure.

2.1.12.2 ASSET MANAGEMENT

Below is a detail of how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft.



Information on Predetermined Objectives

	Opening balance @ 01 Apr 2010	Additions	Disposal (Archived)/ Recon	Closing balance @ 31 March 2011
Land parcels	36 257	N/A	(362)	35 895
Dwellings	33 233	N/A	(177)	33 056
Non-dwellings	42 014	N/A	(1672)	40 342
Total	111 504	N/A	(2211)	109 293

DPW's Immovable Asset Register (AR) comprises of 35 895 land parcels and 73 398 buildings & structures that vest in the national government and are under the custodianship of the Department Public Works. The AR includes immovable assets which are not vested in the name of the province and assets where custodial powers have not been assigned to another national department in terms of section 4 of GIAMA. Defence Endowment Properties are also included in DPW's Asset Register.

As an effort to align reporting to the Sector Specific Guide, immovable assets are categorized into the following two categories;

- Properties for which ownership is confirmed; and
- Properties that are in the process of being verified for vesting.

The categorization has been effected to ensure improved accountability of immovable assets among state custodians and this has resulted into a variance between the opening and closing balances (Table A).

There is a joint responsibility between national and provincial custodians to monitor vesting progress in alignment to the targets on the Vesting Master Plan. The process contributes to the completeness and accuracy of immovable asset data disclosed in the Annual Financial Statements.

Properties in the Asset Register continue to be valued at R1.00 each until an appropriate methodology is Finalised and approved. Continuous enhancement of asset registers will ensure the effective application of the recommended methodology for national and provincial custodians.

The Department is continuously working to improve the accuracy and completeness of information in its Asset Register. In addition, DPW, National Treasury as well as other custodians are in the process of revising immovable assets guidelines on Asset Register to align with asset management best practice and comply with the latest financial reporting requirements.

The Department has announced the implementation of the strategy (Operation Bring Back) to identify state immovable assets that are presumed to still be unaccounted for. This process will contribute towards completeness of State asset registers.

The condition of the state immovable assets is currently unknown due to absence of condition assessments. The Table below reflects the condition of properties as reported in the annual report of 2009/10.

Table A

Department	Condition of State Owned Buildings										Total	
	(Number and Percentage)											
	Very Good		Good		Fair		Poor		Very Poor			
	C5	C4	C3	C2	C1							
Defence	4	2%	13	7%	165	91%	0	0	0	0	182	100%
Correctional Services	6	1%	18	2%	875	95%	8	1%	6	1%	913	100%
Justice	360	8%	900	20%	1 485	33%	1 305	29%	450	10%	4 500	100%
Other Clients Combined	375	16%	515	23%	945	42%	435	19%	6	0%	2 276	100%
SAPS	38	3%	125	9%	1 045	75%	167	12%	20	1%	1 395	100%
Unutilised	3	0	0	0	0	0	0	0	172	100%	173	100%
Total	786	8%	1 571	17%	4 515	48%	1 915	20%	654	7%	9441	100%



Information on Predetermined Objectives

The Government Immovable Asset Management Act (GIAMA) has been promulgated. It promotes the sound management of the immovable assets that national and provincial departments use or control. It makes a distinction between users and custodians. The intention is for Accounting Officers of user or custodian departments to be accountable for the use of immovable assets as prescribed by the PFMA and the GIAMA. The User Immovable Asset Management Plan (UAMP) ensures the following:

- Accountable, fair and transparent management of immovable assets
- Effective, efficient and economic use of immovable assets
- Reduced overall cost of service delivery
- Reduced demand for new immovable assets

The UAMP for each government department must inform the budget allocation process in terms of the annual Strategic Plans of the Department. The UAMPs relate to the accommodation requirements and current utilisation of immovable assets by National Government Departments and some agencies, aligned to their strategic objectives and Strategic Plans.

The Government Immovable Asset Management Act (GIAMA) has been promulgated. It promotes the sound management of the immovable assets that national and provincial departments use or control. It makes a distinction between users and custodians. The intention is for Accounting Officers of user or custodian departments to be accountable for the use of immovable assets as prescribed by the PFMA and the GIAMA. The User Immovable Asset Management Plan (UAMP) ensures the following:

- Accountable, fair and transparent management of immovable assets
- Effective, efficient and economic use of immovable assets
- Reduced overall cost of service delivery
- Reduced demand for new immovable assets

The UAMP for each government department must inform the budget allocation process in terms of the annual Strategic Plans of the Department. The UAMPs relate to the accommodation requirements and current utilisation of immovable assets by National Government Departments and some agencies, aligned to their strategic objectives and Strategic Plans.

2.1.12.3 Maintenance

The department manage to spend all the allocation on planned maintenance and rehabilitation. Below is a summary of the expenditure against the allocation:

Programme	Allocation	Expenditure	Balance	Expenditure %
Planned Maintenance	1 710 395 630	1 710 395 630	0	100%
Rehabilitation	303 799 351	303 799 351	0	100%
Total	2 014 194 981	2 014 194 981	0	100%

NDPW is addressing maintenance through Planned Maintenance Implementation Programme, Capital Works Implementation Programme, Day-day maintenance which are 3 different programmes which are not linked as the current programmes are not integrated. It should also be noted that the maintenance backlog cannot be accurately quantified as the exercise that was conducted in 2006 was not supported by condition assessments. In addition not all the buildings were included on the exercise and maintenance is ongoing hence there is no link with maintenance backlog.

In the absence of condition assessment, CAMP and life-cycle planning, Backlog cannot be quantified as the current maintenance is done on re-active basis.

The strategy is to conduct condition assessment in this financial year and funding has been requested to National Treasury going forward. In addition the plan is to complete CAMP's by March 2012 and these measures will assist in quantifying and addressing maintenance backlog.



Information on Predetermined Objectives

2.2 PERFORMANCE INFORMATION PER BRANCH/BUSINESS UNIT

2.2.1 FINANCE AND SUPPLY CHAIN MANAGEMENT

Purpose: To provide credible, client –orientated financial management services to the Department.

Strategic Objectives: Ensure effective corporate governance processes and sound resources management and use.

FINANCE AND SUPPLY CHAIN MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
Create an efficient, competitive and responsive infrastructure network	Implemented action plan for GAAP compliance on PMTE	Implemented action plan	70% achievement	44% Target Achieved. Out of the 16 action outputs on the PMTE action plan, only 7 actions were achieved.	The outputs not achieved are due to the delays in the acquisition of the financial systems. The system will be acquired once the PMTE data is completed.
	Improved revenue & debtors management on the PMTE	Reduced debtors book	50% reduction	62% Achieved. During the period under review on the reduction of the debtors book - (R1, 3billion of the R2 billion).	
		Collected Revenue	80% collection	97% Achieved. Revenue collected on invoices issued during the period under review.	
Improved Internal financial controls	Developed policies and procedures (7 policies)	90% implementation	80% Achieved. During the period under review, Seven (7) policies developed/reviewed for implementation, namely: <ul style="list-style-type: none"> • Petty cash, • Irregular expenditure, Unauthorized expenditure, Fruitless expenditure, • Corporate Credit card, • movable assets policy, • travel & cellular phone • Logis user manual management. 	The Debt management compliance checklist, PFMA Year end process (accruals/ commitments) drafted.	
Create an efficient, competitive and responsive infrastructure network	Improved management of movable assets	credible Asset Register	90% compliance by 31 March 2011	90% Achieved. The movable asset register is compliant.	
	Improved Payments of invoices	Payment register	80%	66.7% Achieved.	Non compliance and late submission of invoices



Information on Predetermined Objectives

FINANCE AND SUPPLY CHAIN MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
	Improved Supply Chain Management	Compliance with SLA - contract awarded to HDI (BEE) above R100 000	80% compliance	82.69% Achieved. (a) Number of contracts awarded to HDI (BEE) Companies = 1080. Value of contracts awarded to HDIs = R471 432 657.35 (b) Number of contracts awarded to Non HDIs = 224. Value of contracts awarded to Non-HDIs = R131 336 941.25 Credible DPW Suppliers Accredited 607 application forms of the 3749. Total of 4330 suppliers received application forms. Total accreditation of suppliers = 16.19%.	

CORPORATE SERVICES

Purpose:

To oversee the implementation and management of strategic support functions in line with priorities of the Department in the advancement of the development agenda, improved service delivery, compliance and good corporate governance

Strategic Objectives:

- Provision and management of ICT technology, systems and services.
- Lifecycle management of human resources and skills development in the DPW for current and future requirements of a developmental state.
- Provision and management of strategic communications and marketing systems and programmes.
- Manage a Total security function in preservation of departmental assets and other investments.
- Promote parity and equity of marginalised groups including women, disabled and youth in key programmes of the department.
- Manage International Relations to determine opportunities for international strategic partnerships and cooperation beneficial to DPW.
- Provision of efficient, effective and economical Legal support services including advice to the Department and the Ministry.

CORPORATE SERVICES					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship	Enabling IT systems to support core operational areas	Functional IT systems headlined by: I-E Works	100% implementation	Target Not Achieved	SCOA: The challenges are with business rules governing matching fields per payment types. DATA MIGRATION: The structural differences between the two databases. A column in PIMS may have more than one piece of data (separated by asterisks) as opposed to relational structure of IE-Works where data parts are separated into columns. Naming Convention was also a challenge. Linkages of the different columns within the Tables. Formulate decoding where necessary.



Information on Predetermined Objectives

CORPORATE SERVICES					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
		EPWP-Web Based System		100% implementation achieved.	
		Virtual Private Network		VPN project is 100% complete and is in operation.	
		Video-Conferencing		100% implementation complete between AVN and Cape Town.	
		Business Intelligence System (SAS)		100% implementation of BAS and EPWP, 75% interface to IEWorks.	
An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship	Human Resource Management Plan	Aligned structure	20% structure completed	20% Target Achieved. Structure updated and aligned as per the approvals. HR Plan reviewed and submitted for approval by the relevant authority.	
		Reduced Vacancy Rate	Vacancy 10% of establishment	20.68% vacancy (536 filled equals 4% of Total establishment)	Only critical positions were prioritised for filling in 2010. Creation of new positions on the establishment
		Functional skills generation initiatives	5% beneficiaries of establishment (as per DPSA)	13% Achieved. Number of trainees participated in learnerships, internships, young professionals and artisan training programmes amounted to 340 as opposed to the targeted 300.	
	Revised communication strategy with a developmental orientation	Developmental Communication Strategy	60% implementation	60% Target Achieved. The strategy was developed, approved and implemented.	
An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship	Compliance with National Intelligence Agency requirements	Number of employees vetted	180 employees per year	78 employees were vetted thirty six (36) Secret Clearances, thirteen (13) Top Secret and twenty nine (29) Confidential).	Delays from NIA in concluding the vetting process (due to its internal processes).
		Number of companies vetted	1000 companies per year	413 companies were cleared and incorporated into the database.	Dependency on the client (projects) to provide requests for clearance for service providers.
An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship	Implement the new Disability Strategy	Employment statistics for the disabled people	1% of staff establishment	1, 15% Achieved. The Total number of Persons with Disabilities (PWDs) employed is 56 (1.15%) – of the Total staff complement of 5039 Chance to verify the number for NDPW. Refer to Chapter 4.	



Information on Predetermined Objectives

CORPORATE SERVICES					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship	Transfer critical skills courtesy of international bilateral & agreements	Skill transfer programmes linked to international agreements	200 beneficiaries	450 beneficiaries received critical skills from 91 Cuban Technical Advisors (CTAs).	
An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship	Provide legal expertise & advice that offers compliance	Reduction in backlog of legal cases	30% reduction	<p>Completed 15% of cases referred. Number of LITIGATION MATTERS managed during the period under review:-</p> <p>Total cases managed cumulatively= 878</p> <p>Actual cases (294)</p> <p>Finalised = 45, Pending = 188 and New matters = 61 TO ADD FOOTNOTE</p>	Depend upon Court processes
				<p>100% Target Achieved. Total number of CONTRACT ADMIN cases handled during the period under review-</p> <p>Number of cases handled = 1426</p> <p>Drafted = 232, Commented = 145, Signed = 920</p> <p>Amended = 48, Guarantees released = 32 and Guarantees received = 48</p>	
				<p>100% Target Achieved. Total number of LEGAL ADVISORY SERVICES provided during the period under review:-</p> <p>Total opinions provided = 510</p> <p>Oral = 263</p> <p>Written = 247</p>	



Information on Predetermined Objectives

2.2.1.3 INTERNAL AUDIT AND INVESTIGATION SERVICES

Purpose:

To ensure sound corporate governance.

Strategic Objectives:

To ensure effective corporate governance and sound resources management

CHIEF DIRECTORATE INTERNAL AUDIT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
Create efficient, competitive and responsive infrastructure network	Improved compliance with all prescripts	Audit reports Functional Audit Committees	80% compliance	92% Target Achieved. (100% - Risk Assessment, 100% - Audit Committee meetings and 76% - Implementation of the Audit Plan)	

2.2.1.4 STRATEGIC MANAGEMENT UNIT

Purpose:

To provide strategic management leadership to the Department through strategic planning, knowledge management, risk management and economic analysis.

Strategic Objective:

Provide strategic leadership in effective and efficient immovable asset management and in the delivery of and in the delivery of infrastructure programmes.

Measurable objectives:

To ensure that DPW's programmes are aligned to government sector outcomes

CHIEF DIRECTORATE STRATEGIC MANAGEMENT UNIT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
Create efficient, competitive and responsive infrastructure network	Integrated Risk Management Strategy/Policy	Approved strategy/ policy	60% compliance	Enterprise Risk Management 60% Target Achieved Strategy has been approved and presented to Audit Risk Management Committee..	
				Completeness of risk register - All risk registers for both Head Office and the regions have been cleaned up in preparation for risk assessment 2011/12. The risk registers reviewed to ensure the reflection of critical risk issues only. The schedule for risk assessment/ risk register revision 2011/12 has been developed and appointment set with head office business units.	



Information on Predetermined Objectives

CHIEF DIRECTORATE STRATEGIC MANAGEMENT UNIT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
				Risk Monitoring: high risk registers have been reviewed and updated for Regional Offices (80% of the regions were reviewed), including the following Head Office branches: Finance & Supply Chain Management, Policy, and EPWP. The risk data clean up was done for the regions visited during risk monitoring, in preparation for the 2011/12 risk assessments. The following regions were visited for risk monitoring: Kimberley, Mmabatho and Durban.	Bloemfontein remains outstanding due to unavailability of managers. Plans are in place to visit the region in Q1 of 2011/12

2.2.1.5 INTER-GOVERNMENTAL RELATION AND PARLIAMENTARY SERVICES

Purpose:

To ensure effective corporate governance, improved service delivery and leveraging intergovernmental relations

Strategic Objective:

Ensure effective corporate governance and sound resource management

CHIEF DIRECTORATE INTERGOVERNMENTAL RELATIONS & PARLIAMENTARY SERVICES					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
Efficient and development oriented public service and empowering, fair citizenship.	Improved, sound relations with spheres of government and entities through relevant intergovernmental structures.	Scheduled intergovernmental and other related structures	100% compliance with prescripts (8 meetings coordinated per annum – 2 per quarter)	32 intergovernmental and other related meetings were coordinated (8 public participation imbizos, (24) Parliamentary meetings and (5) oversight visits)	
		Manage entities		8 meetings were facilitated between the Minister and the Entities, in addition, appointment of Board members for CBE, Agreement SA and CIDB concluded	



Information on Predetermined Objectives

2.2.1.6 MONITORING AND EVALUATION

Purpose:

Develop, manage and coordinate overall monitoring and evaluation activities within the department

Strategic Objective:

Ensure effective corporate governance and sound resource management

CHIEF DIRECTORATE MONITORING & EVALUATION					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
Skilled and capable workforce to support an inclusive growth path	M&E policy formulation and implementation (guided by the implementation of the M&E Green Paper)	M&E Policy/ Framework	100%	100% Target Achieved, the M&E policy has been Finalised and approved. Undergoing internal consultations	
	M&E Framework/ Policy	Policy implementation	30%	Branches are submitting quarterly performance reports; the Department is submitting performance reports to National Treasury, Auditor-General and also presenting to Parliament. Submissions' to National Treasury and Policy not implemented. Will be implemented in the next financial year Indicate what we do	
	Development and implementation of an M&E Framework	Compliance with M&E policy	80%	80% Target Achieved during the period under review. Consultative workshops held with all branches/business units to ensure compliance to reporting requirements:- (a) alignment to the reporting template (b) verification of the reported information (qualitative and quantitative reporting) (c) importance of adhering to the set deadlines (d) Submission of Portfolio of Evidence (PoEs) for validation of the reported performance information.	



Information on Predetermined Objectives

2.3 PROGRAMME 2: PROVISION OF LAND AND ACCOMMODATION

2.3.1 PERFORMANCE INFORMATION PER BRANCH/BUSINESS UNIT

2.3.1.1 ASSET INVESTMENT MANAGEMENT

Purpose:

- To ensure that all relevant information on the immovable assets under the control of the Department is accurately reflected in a suiTable electronic register to facilitate the extraction of information to (a) inform the management and (b) report on the performance of such assets.
- To manage client relationships and deliverables according to agreed standards.
- To provide and manage government's immovable property portfolio in support of government's social, economic, functional and political objectives.
- To lead in the implementation of GIAMA by ensuring that State assets are well managed.
- To provide credible portfolio, property and project analysis services for the Department on its immovable assets.

Strategic Objectives:

- Provide strategic leadership in effective and efficient immovable asset management and in the delivery of infrastructure programmes.
- Contribute to the building of a developmental State and a comprehensive rural development framework through State assets.
- Facilitate asset related investment decisions in accordance to GIAMA

BRANCH ASSET INVESTMENT MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
ASSET REGISTER MANAGEMENT (ARM)					
Create efficient, competitive and responsive infrastructure network	1. Accurate and complete information on immovable assets in the Asset Register (Land = 35 746 Structures (on property level) = 72 816. Total = 108 562) as at October 2009	AR fields populated with essential information	90% populated 97 705 properties	82% of the Asset Register fields populated.	Improvements for essential Information was concentrated on properties confirmed as National Properties.
		*AR fields populated with supplementary information	10% populated 10 856 properties	Not achieved	Project on Supplementary info has been put on hold until essential is completed. Priority on AG findings (minimum requirements)
		Approved & Implemented National Vesting plan	100% completed plan	100% achieved	
		Vested State land	55% 19 660 land parcels	35% of land parcels vested	Department in process of aligning Dept Rural Dev & Land Reform statistics to DPW Asset Register
		Approved Amnesty Call Strategy and Campaign	100% completed strategy	100% Achieved	



Information on Predetermined Objectives

BRANCH ASSET INVESTMENT MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
CHIEF DIRECTORATE KEY ACCOUNT MANAGEMENT (KAM)					
Create an efficient, competitive and responsive infrastructure network	User Asset Management templates 1 – 12	Populated templates for 27 National Departments and 7 entities	90% complete	90% Target Achieved. 34 Government User Asset Management Plan templates completed for 2010/11.	
	Prioritised and funded projects identified in collaboration with Clients.	Implementation Programmes (CWIP, PMIP)	100% approved and signed off	100% Target Achieved. The implementation programme for 2011/12 was signed by all client departments	
	Draft and finalised Service Level Agreements (SLA) & Service Delivery Standards (SDS)	Signed SLA by users	Signed SLA	16 out of 34 SLAs signed with users. (SASSA, Rural Development and Land Reform, Basic Education, Science and Technology, Human Settlement, Department of Agriculture and Fisheries, Public Enterprises, Sport and Recreation, Department of Tourism, Department of Social Development, Higher Education, SA Human Rights Commission, PALAMA, Independent Complaints Directorate and Department of Water Affairs).	Client request on amendment of the SLA cause delays in signing the SLAs.
PORTFOLIO PERFORMANCE AND MONITORING (PPM)					
Create an efficient, competitive and responsive infrastructure network	Well managed immovable assets in line with Property Portfolio strategies	Approved portfolio strategies	Property portfolio strategies developed (70%)	59% Achieved on Property Portfolio Strategies development.	Inadequate resources
	Effective C-AMPS that addresses User Requirements (U-AMPS)	Approved C-AMP document for each Department.	User Departments have C-AMPS in place (70%).	45 % of C-AMPS developed	Inadequate resources
	Developed strategies to increase revenue on superfluous but not redundant State assets	Approved and implemented revenue generating strategy.	Revenue increase on leased out State owned properties (10 %).	An investment strategy has been completed and is undergoing internal consultations.	The strategy not yet completed.



Information on Predetermined Objectives

BRANCH ASSET INVESTMENT MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
Create an efficient, competitive and responsive infrastructure network	Well implemented special AIM programs (Energy efficiency, Water efficiency, Accessibility to State buildings and Rehabilitation program).	a. Reduced energy consumption	a. 3% reduction on kilowatts hour used on State-owned buildings (37 180 KW/H)	a. 206 134 499 kilowatts (kw/h) reduced. b. 10% Achieved on the reduction of water consumption during the period under review. c. 121 buildings were made accessible. d. 7 out of 64 buildings were completed during the period under review.	
		b. Reduced water consumption. c. Accessible buildings to people with disability. d. Rehabilitated buildings.	b. 2% reduction on kilolitres consumed on State buildings. c. 64 Buildings identified and made accessible. d. Buildings identified for the implementation of rehabilitation programme within MTEF (64)		
	Developed disposal program	a. Approved disposal program	a. Foreign properties identified for disposal (20).	a. 6 properties were disposed during the period under review, while 7 properties identified for disposal.	a. Subject to release of approvals by DIRCO
		b. Facilitate disposal of properties for commercial purposes (30).	b. 14 properties approved for disposal by Minister for commercial purposes.	25 properties in the process of approval	
Create an efficient, competitive and responsive infrastructure network	Effective release of land for land reform purpose	Letters of release of land to Regional Land Claims Commissioners	Properties to be disposed for land reform purposes (55).	34 out of 55 properties were disposed for land reform purposes	21 properties are in the process of being approved.
	Effective release of land for housing and agricultural purposes or any other socio-economic objectives.	MOUs signed with Human Settlement, Agriculture, etc List of properties sent to relevant Departments.	1 000 hectares of land parcels	1031 hectares of land were released for human settlement purposes.	
PORTFOLIO ANALYSIS (PA)					
Create an efficient, competitive and responsive infrastructure network	Analyses informing immovable asset portfolio, property and project investments	Completed and approved analyses with recommendations on investment for the DPW immovable asset portfolio	List of identified possibilities of Portfolio segmentation for analysis 50% completion of annual requests for analysis of immovable asset portfolio per segments	A consolidated list has been completed. 96% of Annual requests completed.	
		Completed and approved analyses and recommendations on investment for the DPW unutilised, non-project related immovable properties	50% completion of annual requests for analysis of unutilised, non-project related assets	65% of Property analysis completed.	



Information on Predetermined Objectives

BRANCH ASSET INVESTMENT MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
		Completed and approved analyses and recommendations on investment options for DPW immovable asset projects	80% completion of annual requests for project investment analysis	76% of Project investment analysis completed.	Inadequate resources.
Create an efficient, competitive and responsive infrastructure network	Valuation of immovable asset portfolio and properties	Completed and approved valuation of the DPW immovable asset portfolio in compliance with accounting requirements	80% immovable assets in the portfolio valued	The principle of value benchmark has been agreed with all parties concerned as R1 plus improvements.	Proposed Accounting Valuation methodology is in discussion with relevant authorities.
		Approved market valuations of immovable asset properties	50% completion of requests for immovable property market	86% of requests for new market valuations have been completed.	
		Successful negotiation with local authorities on municipal valuations	Compilation of a calendar tracking municipal valuations	The calendar tracking for municipal valuations was compiled.	Inadequate resources to process and contest municipal valuations.
			50% annual municipal valuation calendar appraised and negotiated	Target not achieved during the period under review.	

2.3.2.2 INNER CITY REGENERATION, PROJECT MANAGEMENT & PROFESSIONAL SERVICES

Purpose:

- To provide built environment, procurement and contractual professional advice, support services standards risk mitigation services to the organization.
- To rejuvenate inner towns and cities through the provision of improved physical working environments to national government departments/agencies;
- To create a centre of excellence for project management through planning, execution, monitoring and training.

Strategic Objectives:

- Provide strategic leadership in effective and efficient immovable asset management and in the delivery of infrastructure programmes.
- Contribute to the building of a developmental State and a comprehensive rural development framework through State assets.

BRANCH INNER CITY REGENERATION , PROJECT MANAGEMENT & PROFESSIONAL SERVICES					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
An efficient, competitive and responsive economic infrastructure network	Toolkit for design & technical solutions informed by policy position papers	Reviewed and updated norms and standards for departmental infrastructure	50% review of current norms and standards	50% of current norms and standards reviewed.	



Information on Predetermined Objectives

BRANCH INNER CITY REGENERATION , PROJECT MANAGEMENT & PROFESSIONAL SERVICES					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
	Revitalisation and development of ICR - rural towns to serve as service centres for rural economies	Feasibility studies and projects on all prioritised towns, sites and projects	Feasibility studies on 5 prioritised towns / sites	Target Not Achieved. during the period under review, a preliminary workplan approach for development of smaller centres was compiled. Mthatha Modjadji Kokstad Mount Frere	In the absence of sufficient human resources efforts were focused on getting Tshwane on stream
	Revitalisation of the Capital City	Precinct planning for Pretoria prioritising Salvokop	The development of the precinct plan project for Pretoria Inner City, and the completion of Salvokop precinct	The precinct master plan is in its operational phase following the signing of SLA with the City of Tshwane on the 2 February 2011 and subsequent appointment of a consortium appointed by the City in collaboration with DPW. The following precincts form part of the master plan in the following order of priority: Salvokop Precinct Church Square Precinct Marabastad Precinct Church street East Precinct Paul Kruger South Precinct Paul Kruger North Precinct South Eastern Precinct North Eastern Precinct Notwithstanding the fact that the Precinct master planning is a two year process, provisions have been made to accommodate interim decisions to satisfy urgent projects. To this end the procurement phase of the STATSSA PPP for the construction of their new head quarters at Salvokop has commenced	A delay in the appointment of consultant since this is a joint project. due to complex open tender adjudication processes. Due to its urgency STATSSA was allowed to commence with its Public Private Partnership (PPP) process prior to availability of the Salvokop Precinct Plan subject to close collaboration with City of Tshwane and DPW.



Information on Predetermined Objectives

BRANCH INNER CITY REGENERATION , PROJECT MANAGEMENT & PROFESSIONAL SERVICES					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
	Maximise utilisation of State Properties within Major cities	Partnerships and MoU's with Metro's to improve or to find alternative utilisation of identified facilities in line with inner city rejuvenation	Agreements with 3 cities	<p>Target Not Achieved during the period under review - Service Level Agreement between the Department and City of Tshwane has been signed by both organs' Accounting Officers on 2 Feb 2011. Addendum to the Service Level Agreement has been signed by both Accounting Officers on 11 March 2011.</p> <p>Numerous interaction with City of Tshwane and the Department on:-</p> <p>(a) Steering the appointment of the consultant appointed for the Inner City Precinct master planning project into a contractually appropriate direction;</p> <p>(b) Agreed priorities and project execution imperatives for the completion of the precinct plans and development guidelines for various Government accommodation projects.</p>	<p>In the absence of procurement instructions and budget, the Service Level Agreement process focused on Tshwane Inner City as a pilot.</p> <p>Reaching full agreement between City of Tshwane and the Department and the consultants on all contractual issues delayed the briefing process by approximately two (2) months.</p>
	Construction of Capital Projects	Completion of capital and refurbishment projects in accordance with the Capital Works Implementation program	80% completion of projects within time, cost and quality	<p>Capital Projects</p> <p>Projects on Construction – 72</p> <p>Practical Completion Stage – 72</p> <p>Final Delivery Stage – 91</p> <p>Projects Closed – 107</p> <p>Total Projects Targeted - 342</p> <p>Capital Projects Completed – 79%</p>	<p>Progress for projects on design stage (status 4) were delayed from progressing to tender stage due to challenges relating to site clearance process and Environmental Impact Assessment studies required for new developments.</p>
	Construction of Maintenance Projects	Completion of maintenance projects in accordance with the Planned Maintenance Implementation Plan	80% completion of projects within time, cost and quality	<p>Planned Maintenance Projects</p> <p>Projects on Construction – 55</p> <p>Practical Completion Stage – 36</p> <p>Final Delivery Stage – 30</p> <p>Projects Closed – 12</p> <p>Total Projects Targeted – 133</p> <p>Capital Projects Completed – 59%</p>	



Information on Predetermined Objectives

PERFORMANCE INFORMATION PER BRANCH/BUSINESS UNIT

2.3.2.3 SPECIAL PROJECTS

Purpose:

- To provide project management in the design and construction of Pan African Parliament
- To assist on all infrastructure projects that are related to 2010 Soccer World Cup.

Strategic Objectives:

- Ensure improved service delivery in all departmental programmes to meet client's expectations & leverage stakeholder relations.

BRANCH SPECIAL PROJECTS					
PAN AFRICAN PARLIAMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
An efficient, competitive and responsible economic infrastructure network	Construction of bulk earthworks	Completed earthworks	99%	Project has been deferred	Process for Environmental Impact Assessment has been re-started due to discovery of a wetland
2010 SOCCER WORLD CUP					
Decent employment through inclusive economic growth	Built and upgrade 2010 stadia at host cities	Safe infrastructure as per the building regulations	100% safe and functional stadia before June 2010	Projects completed and handed over in Q1	
	Built, upgrade and maintained border posts	Improved operational areas at the border	100% functional border post	1. Golela Border Post is 100% Complete	Project delays due to underperformance of subcontractors. Contracts for non performing contractors terminated in January 2011. New contractors will complete the work in August 2011.
				2. Skilpadhek Border Post is 65% complete and operational for 2010 purposes.	
1. Lebombo Border Post phase 1 has been completed. 2. Pedestrian facility, 2010 contingency, pro park homes.					

2.3.2.4 REGIONAL OPERATIONS MANAGEMENT

Purpose:

- To execute construction, maintenance and property & facilities management projects at a regional level.
- To facilitate and coordinate the provision and management of appropriate accommodation for Prestige clients.

Strategic Objectives:

- Provide strategic leadership in effective and efficient immovable asset management and in the delivery of infrastructure programmes.



Information on Predetermined Objectives

REGIONAL OPERATIONS MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
To create an efficient, competitive and responsive economic infrastructure network	Construction of capital projects	Completion of capital and refurbishment projects in accordance with the Capital Works implementation program	80% completion of projects within time, cost and quality	Cumulative expenditure at 92% during the period under review. By end of the year 732 projects on construction stage, completion to be achieved over MTEF. Projects completed and handed over for occupation = 99. 255 projects retention period completed, 72 final accounts paid off.	Progress for projects on design stage (status 4) were delayed from progressing to tender stage due to challenges relating to site clearance process and Environmental Impact Assessment studies required for new developments.
	Construction of maintenance projects	Completion of maintenance projects in accordance with the planned maintenance implementation plan	80% completion of projects within time, cost and quality	29% completion of maintenance projects. 100% cumulative expenditure 298 projects on construction, 119 projects completed. Final accounts for 15 projects completed.	
	Procured leased accommodation and state owned accommodation.	Conclusion of new leases, renewals and management of existing leases in accordance with the leasing implementation programme	80% of leases managed within time, costs and prescripts	Total number of leases managed = 2985 of 3029, (44 terminated from the system). Renewals/management of existing leases: 507 expire in 18 months 818 expire beyond 18 months 813 expire in 6 months 702 expire in 12 months 145 expired by end March 2011 Cumulative expenditure = R2 729 373 689 (100%).	
	Property and facilities management and maintenance projects	Letting, Cleaning, Day-to-Day Maintenance, utilisation, Condition Assessment, Asset Register updating and provision of Security in accordance with prescripts and contractual obligations	70% of prescripts requirements and contractual obligations met	Quantify in percentages Total number of projects managed = 593. Cumulative expenditure at 100% during the period under review.	
	Cleaning and Garden Services = 557			Number of projects managed = 593 Cumulative expenditure at 100% during the period under review.	
	Day-to-Day maintenance ± 4,950			Target Exceeded during the period under review. The department attended to 25 365 unplanned maintenance calls. Cumulative expenditure at 100%.	



Information on Predetermined Objectives

REGIONAL OPERATIONS MANAGEMENT					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
	Municipal services (state) = 7480			Target Exceeded, the number of accounts managed/paid during the period under review = 64 979. Cumulative expenditure at 100%	
	Rates and taxes			Target Exceed, Total Regional Office Expenditure for the period under review = R583 097 496 (96%)	
PRESTIGE MANAGEMENT					
To create an efficient, competitive and responsive infrastructure network	Developed maintenance plan for Prestige Assets	Condition surveys	60% implementation of maintenance plan	100% Achieved. Provide clarity on overachievement. Condition survey completed.. Master plan on track. Conservation Master Plan Groote Schuur Estate (CMP GSE) – final draft completed pending approval by the relevant authority. Fernwood – concept stage completed. Parliamentary Precinct – investigations 99% completed. Parliamentary. Villages investigations completed.	
	Optimally utilised Prestige buildings and acquisition of additional houses	Allocated assets	80% utilisation	90% Achieved. Clarify allocation against utilisation	
	Improved Service Delivery to Prestige clients	Reduction of complaints	60% reduction on clients complaints	50% Achieved.	Cabinet reshuffling and expansion. Please clarify the reasons



Information on Predetermined Objectives

PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME

Purpose:

- To contribute to half unemployment job creation and alleviation of poverty by 2014.

Strategic Objectives:

- Promote an enabling environment for the creation of both short and sustainable work. opportunities, so as to contribute to the national goal of job creation and property alleviation.

BRANCH EXPANDED PUBLIC WORKS PROGRAMME					
Outcome	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
4.5M work opportunities created for poor and unemployed by 2014	1. Number of work opportunities created per annum in EPWP Programmes	Work opportunities and FTE	600 000 work opportunities and 260 000 full time equivalents	607 612 work opportunities were created. 203 690 full time equivalents	Public Bodies are under-reporting on EPWP as well as not implementing their projects labour-intensively.
	2. Overall participation targets	Annual Designated Group Targets:	At least 55% of workers are women At least 40% of the workers are youth At least 2% of workers are People With Disabilities	62% women 51% are youth 0.45% people with disabilities	
	3. Wage incentive disbursed to qualifying bodies	Percentage of wage incentive disbursed	65% disbursement across all sectors	59% of the incentive has been accessed.	



Information on Predetermined Objectives

PROGRAMME 4: PROPERTY AND CONSTRUCTION INDUSTRY POLICY REGULATIONS

Purpose:

- Regulate and promote the growth and transformation of Construction and Property Industries.
- Promote uniformity and best practice in Construction and immovable asset management in the public sector.

Strategic Objectives:

- Provide strategic leadership in effective and efficient immovable asset management and in the delivery of infrastructure programmes.
- Promote an enabling environment for the creation of both short and sustainable work opportunities, so as to contribute to the national goal of job creation and property alleviation.
- Ensure transformation and regulation of the construction and property industries to ensure economic growth development.

PROPERTY INDUSTRY DEVELOPMENT PROGRAMME					
Strategic Objective	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
Efficient and effective development-oriented Public Service and an empowered, fair and inclusive citizenship.	GIAMA life-cycle Asset Management policies	Life-cycle property management policies developed/ aligned to GIAMA	50% development/ alignment of Planning, Acquisition, Maintenance, Disposal, Outdoor Advertising, Leasing Letting for Commercial Purposes and Demolition policies.	50% Target achieved The following policies were developed and are undergoing consultation - <ul style="list-style-type: none"> • Outdoor Advertising; • Letting for Commercial Purposes; • Demolition An action plan was put in place for the development of Immoveable Asset Life-cycle Management Guidelines (encompassing Strategic Planning; Acquisition; Operation & Maintenance and Disposal of assets).	
	Framework and plan of action for roll-out of GIAMA to Local Government.	Approved framework and Plan of Action.	50% of plan of action implemented	A framework and an action plan have been developed and are undergoing consultation.	Extensive engagement of Department of Cooperative Governance & Traditional Affairs on proposed approach towards extension of GIAMA to local government underway.
	Legislative Review/ development to ensure relevance and optimal contribution to national goals.	Agrément SA and Expropriation Bills submitted to Parliament and Expropriation Act.	Tabling of Agrément SA Bill to Parliament	The business case for the establishment of Agrément SA as a National Public Entity in terms of the PFMA has been developed for submission to National Treasury for approval	Consultation with stakeholders took longer than anticipated
				Regulatory Impact Assessment (RIA) i.r.o. the review of the Expropriation Act, 1975 initiated in consultation with National Treasury. [Objective of RIA: To assess nature & extent of likely socio-economic, good governance and cost impacts and risks attached to a proposed legislative intervention]	



Information on Predetermined Objectives

PROPERTY INDUSTRY DEVELOPMENT PROGRAMME					
Strategic Objective	Output	Performance Indicator	Target 2010/11	Progress Report	Reasons for deviation
		Contribution to the review of the Ministerial Handbook	Updated Ministerial Handbook	DPW's review of the chapter dealing with <i>Residences</i> and other relevant sections of the Ministerial Handbook was completed and inputs were submitted to DPSA.	
	Contribution to the review of the Ministerial Handbook	DPW White Papers		Construction Charter Council to be established as a company not for profit. Charter Constitution amended and adopted by all founding members.	Roll-out of Charter will follow establishment of Charter Council
	Review and development of DPW White Papers	Plans to roll-out implementation of Construction and Property Charters to other spheres of government	50% rollout Gazetting of Property Charter as a 'code of good practice'.	Application to gazette the Property Charter as a 'code of good practice' (in terms of section 9 of the BBBEE Act, 2003) submitted to Minister of Trade & Industry for approval.	Process will be Finalised during 2011/12.
	DPW's contribution to the transformation of the Construction and Property Sectors				
	Review and development of DPW White Papers <i>[Public Works: Towards the 21st Century (1997); and Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry (1997)]</i>	Revised DPW White Papers	100% completion of review; 20% development of white paper.	Review of White Papers put on hold.	Resource constraints



Information on Predetermined Objectives

PROGRAMME 5: AUXILIARY AND ASSOCIATE SERVICES

Purpose:

To provide various services, including compensation for losses on government-assisted housing schemes, assistance to manage the preservation of national memorials, managing grants for the Parliamentary Village Management Board, and meeting protocol responsibilities for state functions.

Sub-programmes:

- Compensation of losses
- Distress relief
- Loskop settlements
- Assistance to Organisations for preservation of national memorials
- State Functions
- Sector Education Training Authority

Performance

This programme is used predominantly for the management of payments for the following services:

- Assistance to the Organisations responsible for the preservation of the National Memorials
- State Functions
- Sector Education Training Authority

The department does not have specific targets for the above services as they relate to payments for specific purposes. Most payments were made according to the agreed time frames and within 30 days after receipt of the invoices.



S.A. AGULHAS



**CHAPTER 3:
ANNUAL FINANCIAL STATEMENTS**

S.A. Agulhas heading out to Marion Island



3. ANNUAL FINANCIAL STATEMENT

BRANCH FINANCE AND SUPPLY CHAIN

Purpose: The main purpose of this programme is to promote operational effectiveness through sound financial policies and procedures, integrated financial planning, budgeting and expenditure management.

Strategic Objectives: Ensure effective corporate governance processes and sound resources management

Service Delivery Objectives and Indicators:

During the year under review the branch focused on improving internal controls to clear some of the audit queries raised in the previous financial year. These efforts included the inspectorate initiatives implemented to proactively identify irregular and non-compliance issues prior to the audit. All regional and head office staff were work shopped on the compliance issues.

The following policies were developed and implemented during the year: Petty Cash Policy, Irregular Expenditure, Corporate Cards, Movable Assets, Travel & Transport, Cellular phone and Logis user manual.

An invoice tracking tool was developed during the year under review. The system is expected to assist with the management and tracking of invoices for compliance with the payment turnaround times of 30 days as per the PFMA directive. The system will be rolled out in the new financial year.

Some of the key highlights of the branch include the creation of functional structures for the Movable Assets, Procurement, Inspectorate Function, Demand Management and the Chief Directorate for Revenue Management under the PMTE. It is envisaged that the newly created posts will provide a solution to the dire capacity constraints that were impacting on service delivery and credible financial management.

The branch continued to improve controls within the Property Management Entity. This concerted effort enabled the entity to collect almost 98% of the revenue from invoices billed during the year.

The main challenges of the entity are the lack of a financial system which has inevitably impacted adversely on the production of credible GAAP compliant financial statements.

Although the action plans were developed during the year, the challenges of monitoring implementation became very evident from the irregular and non-compliant issues that emerged during the audit.

The focus in the new financial year will be on enhancing systems within the Supply Chain Management to arrest the growing irregular expenditures. Filling of the new posts will be fast tracked to enable the branch to engage meaningfully on a high drive to clearing all audit queries.

Below are the list of outstanding achievements by the programme in the 2010/11 financial year:

Contribution to the transformation of the construction and property industries

- a) The Property Sector Transformation Charter was published for public comments as a process of being gazetted as section 9(1) of the BBBEE Act. The application is under consideration by the Minister of Trade and Industry.
- b) A comprehensive Built Environment Skills Report was produced that provides registration and graduation data from built environment programmes at tertiary institutions as well as candidate and professional registration data from professional councils.



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- c) A series of research papers were commissioned that focused on environmental issues, poverty, and job creation. The environmental paper when completed would guide the Department in reducing its carbon foot print as the Department moves towards the realization of green buildings. The papers on job creation and poverty alleviation will aid the Department, in constructing and maintaining its buildings, to maximize job creation opportunities and to contribute to the eradication of poverty.

Regulation of the construction and property industries

- (a) Review of the Expropriation Act (1975) is underway to ensure consistency with the Constitution as well provide uniformity to all Expropriating Authorities. Draft 6 of the Expropriation Bill has been developed taking into account comments raised by various stakeholders. The Regulatory Impact Assessment process for the review has been initiated in consultation with National Treasury.
- (b) The Department actively participated in the South African Law Review Commission's project to identify and recommend legislation for repeal or amendment to ensure consistency with the Constitution.
- (c) The Department also drafted proposals on possible amendments to Chapter 4 of the Ministerial Handbook which were submitted to DPSA.

Provide strategic leadership in effective and efficient immovable asset management

- a) The Department continues to guide all provinces in the implementation of GIAMA and also Finalised the development of the following guidelines:
- Compilation of immovable asset register;
 - Condition assessment.
- b) During the year under review the Green Building framework document was finalised.



Hlwahlwazi Junior Secondary School structure



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AUDIT AND RISK MANAGEMENT COMMITTEE STATEMENT

We are pleased to present our report for the financial year ended 31 March 2011

AUDIT RISK MANAGEMENT COMMITTEE MEMBERS AND ATTENDANCE AS AT 31 MARCH 2011

The Committee consists of the members listed hereunder and meets at least three times per annum as per its approved terms of reference. During the financial year ended 31 March 2011, four meetings were held.

Name of Member	Number of Meetings Attended
1. Mr TP Nchocho: Chairman	4
2. Ms V Zitumane	2
3. Ms VF Memani-Sedile	1
4. Advocate OC Mabaso	1
5. Commissioner B Seruwe	2
6. Ms N Noxaka	4

The Department had six (6) Audit Committee members in place during the financial year, however, the Chairperson, Mr TP Nchocho resigned as at 31 March 2011. Ms V Zitumane was then appointed as the Chairperson.

The Chief Audit Executive was appointed in June 2010 following the resignation of the former Chief Audit Executive in December 2009. The Director-General and his Executive Management Team attend all the Committee meetings and are in a position to respond to pertinent questions raised by the Committee in its deliberations. The Chief Audit Executive and the Office of the Auditor-General for the Department attend all the meetings. Observers from National Treasury and the Ministry's Office of the Department have permanent invitation to the Committee meetings.

AUDIT AND RISK MANAGEMENT COMMITTEE RESPONSIBILITIES

The Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA, and Treasury Regulation 3.1.13. The Committee further reports that it adopted appropriate formal terms of reference in its Committee Charter, which was reviewed during the year and has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL ENVIRONMENT

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA requirements, Internal Audit Activity provided the Audit and Risk Management Committee and Management with assurance as to whether the internal controls are appropriate and effective or not. This was achieved by means of the risk management process, as well as the identification of corrective actions and suggested improvements to the controls and processes.

During the year under review, risk assessment was conducted and strategic risk report was adopted for implementation by Management. Subject to diligent implementation by Management, the Committee is positive that the risk strategy should contribute to improving the control environment and effective mitigation of risks.

From the various reports of the Department's Internal Auditors, the report of the Auditor-General on the Annual Financial Statements and the disclaimer opinion received by the Department ,with Emphasis of Matters, and Management Letters of the Auditor-General, it was noted that the systems of internal control were not entirely effective for the year under review. Compliance with prescribed policies and procedures fell short in certain instances. The Committee however acknowledges Management's effort in addressing material weaknesses in the systems of controls especially the PMTE which required GAAP compliance as well as the improved management of the Asset Register. Improvement has been noticed albeit the audit outcomes and significant control weaknesses that were highlighted in the audit and



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management reports of the Auditor-General. The report of the Accounting Officer further provides a perspective on progress made and/or issues still outstanding regarding instances that needed special management attention that were previously reported.

The Committee has consistently, throughout the year under review, emphasised to Management the need for improved control systems, compliance with rules and regulations. This is necessary not only in the Financial Management Branch, but in all the Branches of the Department where projects and transactions are actually initiated and executed. The Committee also raised concerns on controls around irregular expenditure and information technology systems. A further area that has been strongly emphasised by the Committee is for the Department to effectively hold officials to account for non-compliance and to execute the necessary corrective disciplinary actions. It is this Committee's strongly held view that drastic actions ensure and improve accountability.

With all the challenges that the Department has in the management of the asset register, the Committee has noted the progress the Department has made in addressing the vesting of immovable assets (Immovable Asset Register) where other stakeholders/ Departments are being engaged. Management has been requested to engage with National Treasury at the highest level in addressing this matter. The Committee will continue to monitor progress on the action plan that Management has developed and started to implement.

In view of the significant issues raised in the audit report, the Committee has noted the commitment of management of the Department towards developing an action plan to comprehensively address the issues raised by the Auditor-General and Internal Auditors. The Committee remains concerned about the ability of the Department in monitoring the interventions that are recommended in the action plan and this is an area that must be integrated into the Performance agreements of senior managers and the Committee will closely monitor progress in this regard.

Management has been requested to develop an action plan to address the audit findings and report progress regularly to the Committee for monitoring purposes. Internal Audit will also report independently to the Committee on the progress made by Management in implementing the action plan.

THE QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA.

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

Evaluation of Financial Statements

The Audit and Risk Management Committee has

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer,
- Reviewed the Auditor-General's management letter and management's response thereto,
- Reviewed changes in accounting policies and practices, and
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Management Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

V Zitumane
Chairperson of the Audit and Risk Management Committee
31 August 2011



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REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

2.1.11 STRATEGIC FOCUS OF THE DEPARTMENT

The National Department of Public Works is mandated to provide office, functional and residential accommodation to National Departments and Political office bearers. It is also responsible for the transformation of the property and construction industries in the country as well the facilitation and coordination of the Expanded Public Works programme for the creation of job opportunities in the infrastructure, social, environmental and non-state sectors.

A. MANAGEMENT OF THE IMMOVABLE ASSET PORTFOLIO

The Department has prioritised the management of its significant immovable asset portfolio that comprises of 109 293 properties countrywide of which 73 398 are buildings and improvements and 35 895 land parcels. The asset register is being enhanced and additional fields will be added to comply with accounting standards. Over 80% of the information fields relating to these properties have been captured on the register and approximately 35% of land parcels have been vested. The Department has assisted user departments in the compilation of their User Asset Management Plans (U-AMPS) and signed 16 SLAs with user departments during the year to ensure improved standards of service delivery to them. Further attention is needed to the valuation of properties, the assessment of municipal valuations, the optimum utilisation of vacant properties and general alignment with GIAMA requirements. A concerted effort to trace government properties that are presumed to be unaccounted for or are being illegally occupied will be started with an amnesty campaign.

The department did not migrate to the iWorks system as reported in the previous financial year. The delays were as a result of the development aspects of the system which were not adequately tested at the end of the financial year.

The vesting master plan was approved during the year under review and implementation started in earnest with the department employing contract workers to accelerate the vesting.

The interdepartmental task team formed with National Treasury for expediting the vesting was further improved to deal holistically with all the immovable asset register challenges. To date the task team has revised the immovable asset sector guidelines and minimum requirements to enable the custodial departments to reach the desired end state of full compliance. In addition there have been regular meetings with provincial custodians to ensure uniformity and GIAMA compliance. The project of improving the asset register will further be enhanced by the appointment of service providers and project managers who will provide support to the regions and Head Office.

B. COLLABORATION WITH OTHER SPHERES OF GOVERNMENT

We have also embarked on an aggressive drive to intensify collaboration with other spheres of government and to provide service directly to citizens. Supported by our public entities we have sought to streamline new technologies and try rapid procurement methods aimed at delivering basic but essential community infrastructure and other services. For example, with the Department of Education and through the Independent Development Trust (IDT), we are overseeing the implementation of an intensive programme for the construction of safe schools. Other examples include the placement of EPWP officials at Municipalities to assist them with their EPWP project planning, the release of 34 land parcels, Totalling 6327 hectares for land reform, and 4 land parcels, Totalling 1031 hectares, for human settlement. This addresses the Government's strategic target of availing land for social development.

C. JOB CREATION OPPORTUNITIES

The department will continue to forge partnerships with other spheres of government to accelerate service delivery as well to stimulate job creation opportunities. Some of the initial projects in this arena include the repair of potholes in the Tshwane Metro and the construction of bridges in areas where local inhabitants, especially children, are forced to cross flooded rivers to get to school and other amenities. The bridge building project is being undertaken together with the Department of Defence.



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Six bridges were completed during the year under review, in the following areas:

- vii. Nquqhu river crossing, which is positioned between Mqhanqeni and Maqwatini villages. A minimum of 300 pupils cross the river to school on daily basis and the community members cross the river to social and economic amenities.
- viii. Port St Johns Ntafutufu bridge
- ix. Daluhlanga bridge in Umzimvubu Municipality
- x. Bailey bridge constructed across Lefukufuku river in Tsomo
- xi. Macoza pedestrian bridge in King Sabata Dalindyebo Municipality in Umtata
- xii. Cezu pedestrian bridge in King Sabata Dalindyebo Municipality in Umtata

With respect to the programme on pothole fixing, this programme is employing about 500 unemployed youth in each municipality for a period of six months, at a stipend of R90 per day. This programme will be rolled out to other municipalities in the current financial year.

The EPWP continues to be one of the key strategic interventions by government to fight for poverty alleviation and promote job creation. The programme has managed to achieve 98% against the set target of 642,000 job opportunities, although only 48% of the infrastructure incentive allocation was accessed by municipalities and provinces.

Below is a Table depicting the performance of the EPWP II

TABLE 1: EPWP WORK OPPORTUNITIES CREATED IN 2010/11

Sector	Target work opportunities	Actual achieved target	% achieved
Infrastructure	342 000	273 203	78%
Environmental	156 000	100 209	64%
Social Sector	96 000	130 736	136%
Non-State	48 000	122 787	255%
Total	642 000	626 935	98%

Some of the reasons for poor accessing of the incentive grants include poor reporting and under-reporting, the low labour-intensity of projects implemented, low technical capacity, poor design and prioritisation on projects, and changes in leadership leading to a low commitment to the programme.

D. TRANSFORMATION OF THE PROPERTY AND CONSTRUCTION INDUSTRIES

A strategic priority of the Department is to transform the Property and Construction Industries and to increase the participation of Women, Youth and People with Disabilities in these industries. The Department itself is focussed on driving these numbers and the EPWP programme reported participation of 62% women, 51% youth and 0,45% PWD in their projects. A Disability Policy has been approved which will give impetus to this programme. Projects undertaken by the Department during the year included making 121 buildings accessible to people with disabilities. Internally, the number of contracts awarded to HDI companies reached 1080, compared to 224 for non-HDI companies for the year.

A review of the Expropriation Act, 1975 is underway and it is projected that a Bill will be Tabled in Parliament at the end of 2011/12 financial year. Extensive consultation with stakeholders will be undertaken in the 2011/12 financial year.

E. DEVOLUTION OF RATES & TAXES BUDGETS

During the year under review the department received R1, 096 billion as conditional grants to Provinces for the payment of rates & taxes to Municipalities. This amount was adjusted by R769 million during the adjustment estimates to augment the shortfall experienced by some of the provinces.



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A roll over request of R120 million was also approved, resulting in a Total of R1,986 billion being available in the provinces for the devolution of property rates.

The full amount was transferred to the respective Provinces as agreed through the Division of Revenue Act framework. As at the end of the financial year 93.9% of the transferred amount had been paid to the Municipalities. The remaining (unspent) balance of 6.1% was largely attributable to the systemic issues emanating from the late submission of invoicing, incorrect billing and capacity issues in the Municipalities, incomplete asset registers by both provinces and national public works and incomplete valuation rolls.

Reporting was duly done to National Treasury in line with the framework. The department has also satisfied itself through reports received from provinces that the amounts were used for the intended purpose.

Below is a Table showing the analysis of expenditure per Province.

TABLE 2: DEVOLUTION OF RATES AND TAXES PER PROVINCE AS AT 31 MARCH 2011

	Total available including roll overs 31 March 2011	Amount pd to municipalities	% spent 31 March 2011	Total available including roll overs 31 March 2010	Amount pd to municipalities	% spent 31 March 2010
E Cape	283 429	220 365	78%	210 334	108 577	52%
Free State	222 386	222 375	99%	185 104	185 094	100%
Gauteng	294 457	213 336	72%	401 099	228 134	57%
KZN	710 068	446 709	62%	237 382	237 205	100%
Limpopo	15 154	14 730	97%	19 217	7 237	38%
Mpumalanga	57 615	57 615	100%	60 337	51 761	86%
N Cape	39 600	37 060	93%	37 298	37 298	100%
N West	79 990	79 990	100%	66 776	66 776	100%
W Cape	283 041	264 700	93%	268 864	250 286	93%
	1 985 740	1 556 880	78%	1 486 411	1 172 368	79%

2.1.12 INFRASTRUCTURE PROJECTS

For the year under review the Department undertook many construction and maintenance projects amounting to approximately R5,7 billion. The building programme consisted of minor projects of three months and major projects running over three years with various start and completion dates. It should therefore be noted that while other projects are completed others are overlapping into the next financial year. The summary below summarizes the status quo of the building programme.

Projects	Total Budget	Status 4 Tender Stage	Status 5 Tender Recommendation	Status 5a Pre- Site Handover	Status 5b Construction Stage	Status 6a First Delivery Stage	Status 7 Final Delivery Stage	Status 8 Construction Completed	Total Projects
Capital Projects	R3,7 billion	27	10	7	332	192	336	42	946
Planned Maintenance	R2 billion	37	10	4	249	86	109	16	511

Some examples of the projects completed and handed over were the following:

- Free State: Newly constructed DPW Regional offices
- Limpopo: Nylstroom Prison and Leshego Treatment Centre
- North West: Joubertinah Police Station, Klerksdorp
- Eastern Cape: Renovations & repairs for Home Affairs, Justice & Royal (Great) Place



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- Gauteng: Magistrate Courts in Tsakane & Thokoza
- Mpumalanga: Magistrate Court in Ekangala
- Northern Cape: New Generation Prison & Galeshewe Magistrate Court, Kimberley
- KwaZulu – Natal: Renovations & repairs to Chatsworth Police Station

Our building programme continues at a brisk pace. Facilities on behalf of Justice were recently completed and handed over at places as diverse as Galeshewe (Kimberley), Colesburg, Pietermaritzburg and Butterworth, among others.

Accommodation needs for the South African Police Service remained paramount for the year under review. The rural communities of Botokwa and Jane Furse in Limpopo witnessed the official handover and opening of new facilities.

Repairs to buildings and infrastructure in harbours in the Western Cape have commenced. This is a good example of how work opportunities are created by using locals to do maintenance work as part of the labour intensive method of construction.

The department has also strengthened the partnership between the Inner City Regeneration Branch and the city of Tshwane aimed at developing Tshwane into a capital city of excellence.

With the support of National Treasury, the Department (DPW) previously signed a Memorandum of Understanding with the City of Tshwane (CoT) followed by the conclusion of a Service Level Agreement during the year under review. The purpose is the refinement and updating of the CoT's Inner City Integrated Development Framework into detailed implementation frameworks and urban management plans for the precincts within the Inner City. DPW and CoT have through an open tender process jointly appointed a highly skilled and experienced planning & urban design consortium to produce these frameworks and management plans.

Some of the initial objectives of the project consist of the following:

- **Inner City Precinct Master Plan** – The preparation of 8 detailed Precinct Plans will take an estimated 24 months. Precinct planning will be addressed concurrently. A full range of design and development plans will be produced on macro and micro level to be supported by enhanced and modernised municipal planning legislation
- **Salvokop/Freedom Park Precinct** – The design and establishment of a highly innovative city within a city boasting trendy government offices, retail, housing, and leisure amenities. A basket of development rights will be negotiated and frameworks and guidelines will be established for the urban fabric of public and private spaces, and the phased integration of government and private sector mixed uses
- **Church Square Precinct** – Government has a strong asset presence in this precinct. Through inventive design the current Church Square will be upgraded to successfully provide for the requirements of a capital city and the public whilst effectively accommodating the proposed BRT, Gautrain and municipal transport systems and parking demands
- **Nelson Mandela Square Precinct** – The government's Synagogue setting will be enhanced through the establishment of a square and public open space setting. The erection of a statue of Mr. Mandela is work in progress by the CoT.
- **Marabastad Precinct** – Substantial redevelopment initiatives by the Department of Housing and the private sector are on hold pending the precinct guidelines and heritage inputs. Government to consider a catalytic head office project in this zone e.g. a new campus for SAPS or another appropriate client department.

The other precincts are Paul Kruger North and Paul Kruger South, North Eastern and South Eastern.



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2.1.13 BUDGET ALLOCATION 2010/2011

The department's approved budget including adjustment estimates was R7 365 billion an increase of 22% from the 2009/10 year's adjusted budget of R6 049 billion.

Of the allocated amount, 70% is allocated to Programme Two which is the core of the business of the department and 19% allocated to Programme Three, the Expanded Public Works Programme.

The budget allocation of R5 204 billion for Programme Two includes R3 853 billion for the following, which represent 74% of the Programme budget:

- R1 865 billion allocated for Devolution of Property Rates Funds to Provinces Grant.
- R1 376 billion allocated for Infrastructure for capital projects relating to buildings and other fixed structures.
- R 612 million for the augmentation of the self funding Property Management Trading Entity.

A. EXPENDITURE ANALYSIS

The financial performance of the department showed spending of R6,6 billion representing 90% of the actual allocation. A year on year comparison shows a decrease of 4% which is largely attributable to unspent funds for incentive grants under the EPWP.

Improved cash flow and expenditure management have yielded positive results as the department did not incur any overspending for the year under review.

A synopsis of the overall departmental performance is provided in the Tables below which show overall budget and expenditure as well as spending per economic classification.

TABLE 3: OVERALL EXPENDITURE ANALYSIS - DPW

	2010/11	2009/10
Budget allocation	7 365 billion	6 049 billion
Actual Expenditure	6 611 billion	5 688 billion
% Spent	90%	94%
Unspent funds	754 million	361 million
% Unspent Funds	10%	6%

TABLE 4: SPENDING PER ECONOMIC CLASSIFICATION

Economic Classification	Current Financial Year (2010/11)				Previous Financial Year (2009/10)		
	Final Budget Allocated	Expenditure	% Spent	Under -expenditure	Final Budget Allocated	Expenditure	% Spent
	R'000	R'000			R'000	R'000	
Compensation of Employees	1 112 717	1 089 693	98%	23 024	988 148	976 101	99%
Goods & Services	883 003	819 046	93%	63 957	899 933	894 397	99%
Interest and rent on land	8 848	8 848	100%	0	2 962	2 962	100%
Payments for financial assets	54 836	54 836	100%	0	40 341	40 341	100%
Transfers & Subsidies	3 788 130	3 302 542	87%	485 588	2 607 897	2 478 372	95%
Payment for Capital Assets	1 517 263	1 340 569	88%	176 694	1 509 849	1 295 976	85%
Total	7 364 797	6 615 534	90%	749 263	6 049 130	5 688 149	94%



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- **Compensation of employees:**

The under spending of R23 024 million is due to additional funds reprioritised for the filling of vacant posts. The department has commenced with a recruitment drive; however, the lag period between the interviews, appointment letters and the assumption of duties usually averages two months. Consequently for some of the appointments made in February and March, assumption of duties will take place in the new financial year.

- **Goods & Services:**

The savings of R63 957 million under goods and services relates to commitments under the energy efficiency programme with the IDT. A roll over amount of R40, 9 million has been requested.

- **Capital assets**

- o **Capital and Infrastructure:**

Under spending of R120 109 million for infrastructure relates to funds committed through the IDT as an implementation agent for the transformation of **mud schools**. A rollover amount has been requested for the committed amount.

- o **Machinery & Equipment:**

The under spending of R56 585 million largely relates to furniture and IT equipment which was planned for the new premises in CGO building that were going to be occupied by Public Works. The move to the new building was deferred to the first quarter of the new financial year.

- **Transfers & Subsidies:**

The under spending of R485 588 million by EPWP is largely attributable to the slow reporting of EPWP jobs created by municipalities and provinces.

- **Payments for financial assets:**

The expenditure of R 54,5 million relates to amounts written off against savings from current payments.

B. VIREMENT

Virement was made as follows for the programmes:

TABLE 5: VIREMENT FOR 2010/11

	Pr 1	Pr 2	Pr 3	Pr 4	Pr 5	Total
Compensation of employees			-13 810			-13 810
Goods and services	39 521	13 810	-41 550		1 752	13 533
Interest and rent						
Transfers and subsidies	1 800	268	-8 982	8 982	-2 068	
Capital assets	8 778	-9 793	1 015			
Financial assets	12				265	277
Total	50 111	-4 285	-63 327	8 982	-51	0

- Programme One was increased by R50 million to offset over spending in goods and services, transfers and capital payments.
- Programme Two was decreased by R4,2 million to offset current payments (goods and services). The amount of R4,2 million was the net effect of R13,8 million virement of current payments from programme Three and R9,8 million to programme One and Three for machinery and equipment and virement from programme Five for transfers and subsidies.
- Programme Three was reduced by R63,3 million to offset goods and services in programme One and Two, and transfers and subsidies in programme Four. The R63,3 million was the net effect of current payment of R55,4 million, R8,9 million of transfers and subsidies to programme One and Five for current payments and programme four for transfers and subsidies. R1 million virement for machinery and equipment from programme Two.



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- Programme Four was increased by R8,9 million to offset over spending under transfers and subsidies.
- Programme Five was reduced by R51 000 to offset overspending of transfers and subsidies in programme One and Two. The R51 000 is the net effect of R2 017 million for current payments from programme Two and R2,068 million to programme One and Two.

2.1.14 CAPACITY CONSTRAINTS

Delivery of the mandate of the department was constrained to an extent by the huge number of vacant posts.

Of the 1363 vacancies, 641 are funded posts. Significant strides have been made in addressing the issues of capacity and speeding up the filling of vacant posts. A strong recruitment drive was implemented during the last quarter of the financial year and most of the funded posts are expected to be filled by June 2011.

A. ORGANISATIONAL STRUCTURE

The department is in the process of finalizing the review of the organization design. Certain areas such as property and projects management which needed urgent interventions have been addressed by creating structures that will enable improved leadership and accountability.

B. NEED FOR SPECIALIST SKILLS

The department has also acknowledged the fact that some of the work of the department requires specialist advice, particularly for property management and large construction projects. To this end, panels of experts will be established during the new financial year to be used on a retainer basis to advise the management on complex contracts.

5 TRADING ENTITIES AND PUBLIC ENTITIES

5.1 PROPERTY MANAGEMENT TRADING ENTITY

5.1.1 PURPOSE

The Property Management Trading Account (PMTE) has its origins in the devolution of budget and the introduction of accommodation charges.

The purpose was to ensure the long term sustainability of the department and the immovable assets it manages, within the requirement of the Public Finance Management Act (PFMA) to reflect the full cost of a service on the budget of a user.

During 2006, the department devolved its maintenance budget to the clients in favour of an accommodation charge. The purpose of the accommodation charge is to reflect the full cost of accommodation on the budget of the user and to establish a landlord/tenant relationship between the department as custodian and clients as users of the accommodation.

5.1.2 REVENUE AND EXPENSES

The department is still operating the entity without the relevant financial systems that are critical for enabling compliance with the generally accepted accounting principles (GAAP).

Although compliance was not maintained throughout the year, at the time of compiling the financial statements significant measures had been put in place to enable improved reporting. Unfortunately the concerted efforts put in place did not yield positive results as some of the opening balances could not be adequately substantiated due to previous incorrect data in the system.



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The other challenge related to technical GAAP compliance issues of discounting payables and debtors which could not be fully achieved without a proper system and information from previous years.

TABLE 6: STATEMENT OF COMPREHENSIVE INCOME

	2010/11 R'000	2009/10 R'000
Revenue	4 755 326	3 799 249
Operating Expenses	(4 920 318)	(3 974 118)
Deficit Before Tax	(41 335)	(174 869)
Deficit for the year	(41 335)	(174 869)

Revenue is generated from the leasing of state owned and private leases, government grants and management fees. The revenue has increased steadily by 9% compared to the previous year. The deficit is largely attributable to under recovery of the municipal service payments. The finance unit has put in place intervention strategies that will improve revenue management.

- **Leasing of state owned accommodation**

Different tariffs are used for different facility types. The average tariff is R9,32 per square metre which represents about 25% of the full cost of ownership of these facilities. This amount is increased by 15% on an annual basis and should reach the level of self-sustainability by 2017.

- **Management fees**

A 5% management fee is charged on all invoices paid and claimed from client departments for municipal services.

- **Department of Public Works – Vote 6**

An amount of R612 967 million was transferred to the PMTE to augment the revenue received from other sources

- **Sale of tender documents**

The department charges varying fees for the sale of tender documents to bidders. The purpose of the fees is basically to recover the costs of the print material. The structure of the fees is determined by the National Treasury. The department does not offer any free service. All activities are done in line with the mandate of the department.

5.2 THE CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (CIDB)

The main objective of the board is to provide strategic direction for sustainable growth, reform and improvement of the construction sector and its role in the economy. It seeks to promote an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.

CIDB was established in terms of Act No.38 of 2000. During the year under review the Total allocated amount of R63 665 million was transferred to the Public Entity. The budget allocation was based on a comprehensive business plan submitted by the entity.

5.3 THE COUNCIL FOR THE BUILT ENVIRONMENT (CBE)

CBE's main role is to oversee the six built environment professional councils who regulate the professions of Architects, Engineers, Landscape Architects, Quantity Surveyors, Project and Construction Managers as well as Property Valuers.

CBE was established in terms of Act No.43 of 2000. During the year under review the Total allocated amount of R25 527 million was transferred to the Public Entity. The budget allocation was based on a comprehensive business plan submitted by the entity



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5.4 AGRÉMENT SOUTH AFRICA

Agrément S.A was established by the Minister of Public Works in 1969 as an independent organization to bring impartial judgment to the evaluation of innovative construction products and systems in the interest of the consumer. Its purpose is to ensure that the introduction, application and utilisation of innovation and technology will add value to the process of assessment and certification and promote integrated socio-economic development.

During the year under review the department transferred R8 982 million to the entity as financial assistance to their operations. The budget allocation was based on a comprehensive business plan submitted by the entity. This amount will continue to be budgeted under the goods and services budget until the entity is fully recognized through the PFMA.

5.5 THE INDEPENDENT DEVELOPMENT TRUST

The IDT was established in 1990 as an independent, temporary grant-making agency with a R2 billion government grant. In March 1997 Cabinet endorsed a recommendation on the redefinition of the role of the IDT: *"The IDT must be transformed into a government development agency that will implement projects which are commissioned by government departments. It must cease to be a civil society organization, an independent agency or a funding agency"*. Hence the Deed of Trust was amended in 1998. The trust has been listed as a schedule 2 Public Entity since 1998/99.

An amount of R179 811 million was transferred as for the non state sector wage incentive grant.

As reported in the previous financial year, the entity required urgent recapitalization to ensure ongoing operations and sustainability. An amount of R150 million has been received through the MTEF process for the 2011/12 financial year.

5.6 PARLIAMENTARY VILLAGES BOARD

Parliamentary Villages Management Board act of 1998 established the board. The act commenced on the 2 November 1998. The purpose of the act is to provide for the establishment, functions and funds of the Parliamentary Villages Management Board and to provide for matters connected therewith.

In accordance with the purpose of the act, an amount of R6 982 million was transferred to the board during the period under review. The department provided support in terms of transport from and to the parliamentary villages for Members of Parliament and sessional officials.

5.7 THE SECTOR EDUCATION TRAINING AUTHORITY

Sector Education and training Authority aims to influence training and skills development throughout the construction industry.

An amount of R1, 2 million was transferred to Sector Education and training Authority for the purpose of training and skills development.

6 PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department of Transport has entered into a finance lease contract with Phakisa Fleet Management Company for the provision of rental vehicles to government departments. The DPW is also participating in the contract for fleet services.

7 CORPORATE GOVERNANCE ARRANGEMENTS

The department has a fully functional Audit & Risk Management Committee (ARMC) which provides oversight on governance, risk management and control activities. The department also has a Risk Management Policy and Terms of Reference for the Executive Risk Management Committee (ERMC) which were approved by the Acting Accounting Officer/Director-General on 3 August 2009.



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The department's fraud prevention plan and policy were reviewed and approved by both EXCO and ARMC during the year under review. The rollout across the department was through fraud awareness workshops conducted at some regional offices, articles in the internal newsletter and posters in the DPW buildings.

The risk management and fraud policies and plans are also used to focus the efforts of the internal audit function of the department.

The following activities are undertaken in the department to promote good corporate governance and internal control:

- Facilitation of annual risk assessments
- Internal Audits (in the regions and at head office) based on the approved risk plans
- Fraud Awareness workshops
- Investigations on reported allegations

The activities of the department are underpinned by clear policies and delegations approved by the Chief Financial Officer and the Accounting Officer. There is a full report of the policies reviewed and developed particularly in the financial management section under chapter 2 of the Annual Report.

8 ASSET MANAGEMENT

8.1 IMMOVABLE ASSETS

The immovable assets of the department are captured on the departmental Asset Register known as Property Management Information System (PMIS). The updating of the system is a continuous process as the department executes its mandate as a custodian of national immovable assets.

As indicated earlier, the department did not migrate to the iEWorks system as reported in the previous financial year. The delays were as a result of the development aspects of the system which were not adequately tested at the end of the financial year and because of difficulties in data migration from PMIS to iEWorks. In addition, other critical modules for the payment of leases have not yet been finalised. Implementation is targeted for September 2011.

Data verification on the register is still in progress. Internal audit has been requested to commission an investigation of the governance and internal controls of the system.

The department has initiated the appointment of service providers and contractors to assist with a comprehensive enhancement of the asset register and a review of the current asset systems.

Although progress has been made in ensuring that GRAP compliance is achieved and that all essential fields on the current register are populated with correct information, the department has not yet managed to produce a register that is credible enough to support the financial statements.

8.2 MOVABLE ASSETS

The movable assets of the department are managed through the LOGIS asset register. Major strides have been made in ensuring that assets are correctly captured in the register.

Physical verification for all the movable assets was conducted during the year and the asset register was updated accordingly.

As reported in the previous financial year, the movable assets policy was approved and implemented during the year under review.



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Attention has been given to increasing capacity for the function. The organizational structure for movable asset management was approved during the year. The new posts were advertised and interviews conducted during the last quarter of the financial year. It is expected that the Director, Deputy Directors, and Assistant Directors interviewed will assume their posts in the first quarter of the new financial year.

9 PERFORMANCE INFORMATION

Although significant improvements were made with the current strategic plan the business plans remained a challenge as some of the targets were not measurable and realistic.

Quarterly performance reporting was not always done on time during the year under review. The executive committee of the department has taken this matter very seriously and has resolved to resume the quarterly performance review conferences in order to closely monitor operational performance.

The specifications for an M&E system have been developed and approved and a system will be acquired in the new financial year. This will enable standardization and consistency in reporting. The system will also provide a dashboard for the leadership to see performance information at any given time. Steps will be taken to ensure alignment with the Department of Monitoring and Evaluation in the office of the President.

The department is committed to implementing continuous improvement to the strategic plan and annual business plan.

10 STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

Below is a Table showing SCOPA resolutions for the financial year 2008-09. There are no resolutions for the financial year 2009-10.

10.1 SCOPA RESOLUTIONS: DPW

TABLE 7: AUDITOR-GENERAL FINDINGS AND SCOPA RESOLUTIONS (DPW) FOR THE FINANCIAL YEAR 2008 - 09

	Findings for 2008/09	Subject	Progress
1	a) "Moveable tangible assets could not be supported by a complete asset register and minor assets could not be confirmed due to the incomplete asset register;	Movable tangible capital assets and minor assets	a) Controls on movable assets were improved during the year 2009/10. This has resulted with the finding on movable assets not reappearing in the 2009/10 audit report
2	b) Not all immovable assets were accounted for in the asset register; title deeds and stand numbers for some of the assets were not indicated on the asset register;		<p>b) We are currently analyzing and enhancing the immovable asset register to improve the completeness and accuracy of information.</p> <p>A massive exercise was undertaken during the year to populate information in the missing fields. Approximately 70% of the empty fields have been populated with information relating to title deeds and street names. There are still empty fields which are pending vesting of the properties and or reconciliation with the Deeds information.</p> <p>The department is currently working closely with the Department of Rural Development and Land Reform to verify the reported 12653 vested properties.</p> <p>Owing to the scale and complexity of the asset register the Department has resolved to appoint a programme manager, supported by secondary service providers in the 2011/12 financial year to speed up the process and to ensure alignment with financial reporting requirements.</p>



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	Findings for 2008/09	Subject	Progress
3	c) The Departments of Public Works, Rural Development, and Provincial Departments as custodians were tasked with leading a government-wide initiative to complete the vesting of ownership of state owned land; and		<p>c) A National vesting master plan has been agreed to by custodians and implementation commenced in the 2010/11 financial year, nationally and provincially. The National vesting team has also produced vesting guidelines for custodians and meets quarterly to present progress reports</p> <p>By 15 February 2011, the DPW had vested 12653 out of the 35 895 land parcels. To further accelerate the process the department has appointed contract workers to assist the regions in expediting the vesting.</p>
4	d) The adjustment of intangible assets consisted of software purchased during the 2005/06 financial year to an amount of R40,3 million. At the time of reporting the software had not been utilised".		<p>d) The software SAS has been fully installed and to date CD: IS has completed the interfacing of the BI tool (SAS) to the EPWP and BAS (DPW and PMTE).</p> <p>The SAS business solution will be implanted on the WCS and PMIS systems once the iEWorks system is fully functional.</p> <p>http://dpwsasweb01.ndpw.local:8080/SASLogon/index</p>
5	<p>The Committee recommends that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> - Management understands and exercises oversight responsibility in relation to financial reporting and internal control; - Management undertakes a needs assessment before any assets are purchased; and - Progress with regard to the government-wide initiative in respect of the vesting of ownership of state owned land is continually monitored and reported on annually. 		<p>Measures have been put in place to ensure that all major asset acquisitions are presented and discussed at the executive meeting of the department and approved by the Accounting Officer before procurement is done.</p> <p>The department is currently developing demand management plans which will be used to evaluate the needs and enable strategic sourcing. The plans will be submitted to the National Treasury by the 31st of August 2011.</p> <p>For immovable assets it is a requirement that a needs assessment, signed by the relevant accounting officer, be obtained to inform the optimum solution for accommodation requirements. The department then undertakes option analyses, feasibility studies and valuations prior to any property acquisition</p> <p>See 3[c] above</p>
6	<p>"The Department did not comply with applicable legislation and regulations, inter alia:</p> <p>a) PFMA - the management and safeguarding of assets;</p>	Non compliance with applicable legislation	<p>a) The management and safeguarding of assets has been improved through periodical asset counts and reconciliations.</p> <p>The policy has also been work shopped with all relevant officials and managers. Asset controllers were appointed during the financial year 2009/10 as custodians of assets in their environment.</p> <p>Visible brochures have been attached to common areas such as lifts to remind officials of their responsibilities with regards to asset management.</p> <p>A draft booklet on the movable asset management policy will be Finalised during the 2011/12 financial year.</p>
7	b) Treasury Regulations - persons in charge at pay points did not verify on the date of payment that all persons listed on the payroll report were entitled to payment;		b) All pay points are now verified. Supervisors are held accountTable for pay point certification.
8	c) Treasury Regulations - immovable state property was not always let at market-related tariffs;		<p>c) If old contracts are renewed then market related tariffs are applied. There is currently a comprehensive exercise of analyzing all the leases and segregating those that are considered not to be regular.</p> <p>This exercise will enable the department to put in place a focused project for negotiating new rates where possible</p>



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	Findings for 2008/09	Subject	Progress
9	d) Treasury Regulations - evidence was not provided that transfers and subsidies to entities were applied for the intended purposes;		<p>d) Systems have been put in place to monitor performance of the entities to ensure that funds are used for the intended purposes</p> <p>The IGR unit is responsible for co-ordinating information from entities. The strategic plan and operational plans are presented to the executive committee of the department by the CEO's before submission to the Minister for approval.</p> <p>The presentations are analyzed to ensure that there is alignment with regards to the allocated funds.</p> <p>The entities also provide quarterly reports via the department to the Minister.</p> <p>All entities submit representation to the Accounting Officer in line with the Treasury Regulations before the funds are released.</p>
10	e) Public service regulations - cases were noted where senior management positions were advertised and filled before the job evaluation was approved; and		<p>e) These were Regional Manager positions; there were similar positions (regional managers) in the department which these positions were benchmarked with.</p> <p>The positions were later evaluated and were confirmed at the level at which they were advertised and filled.</p>
11	f) Division of Revenue Act - the Department did not evaluate the performance of programmes funded by conditional grants and report thereon to Treasury within four months after the end of the financial year as prescribed by the Division of Revenue Act (No. 12 of 2009)".		<p>f) The department started implementing monitoring controls during the 2009/10 financial year. All receiving departments submit reports on performance of the transfers.</p> <p>The department has also complied with the DoRA framework.</p>
12	The Committee recommends that the Accounting Officer ensures that:		a) The department has since improved the monitoring of DoRA as demonstrated by the fact that the audit query was cleared in 2009/10. The EPWP and devolution of property rates grants are reported in line with the DoRA framework.
	a) Ongoing monitoring and supervision are undertaken and that controls are present and functioning;		
	b) Officials are held accountable and that disciplinary steps are taken against those who contravene prescripts; and		b) With regards to the compliance with DoRA no officials were disciplined as the function was only introduced in 2008/09 financial year with no dedicated capacity
	c) Management implements a performance management system in terms of which staff performance is evaluated against key performance indicators to enable management to take appropriate steps based on agreed deliverables.		c) The Performance agreements of the responsible officials include clear outputs and targets for the management of the grants
13	a) "The process followed with the procuring of the SAS Business Intelligence Solution;	Investigations	a) The case was investigated by an external investigator. The department resolved to refer the matter to the SIU for further investigation. The matter is pending conclusion of the investigation.
14	b) Allegations of irregular appointments and management practices;		b) The Department is in the process of capacitating the Investigation Unit to ensure that all the allegations reported in previous and current financial years are adequately investigated. The process involves using the external expertise of service providers.
15	c) The process followed with the appointment of service providers for the asset verification and condition assessment project; and		c) The matter was handed over to the SIU for investigation. The matter is pending conclusion of the investigation.



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	Findings for 2008/09	Subject	Progress
16	d) Allegations of unauthorised changes in service providers' bank details.		d) The investigation by the Police is still in progress and currently one person has been arrested. Internally, a preliminary survey audit was conducted to assess the system controls within which the alleged fraud took place, has been concluded
17	The Committee recommends that the Accounting Officer ensures that: a) The Department finalises all pending investigations by ensuring that the necessary resources are made available;		a) The department has decided on co-sourcing to create capacity under the investigations unit. The awards will be done during the second quarter of the new financial year.
	b) Management understands and exercises oversight in respect of financial reporting and internal controls; and		b) The department has already completed the creation of the finance structures at regional and head office level to enable improved financial reporting. The movable asset management structure has been approved and filled. The SCM and accounting structures are in the process of final approval. Funding for the structures will be sourced through the 2012 MTEF
	c) Investigation reports are submitted to SCOPA when finalised.		c) The department has not yet submitted the investigation reports to SCOPA. The delays were largely attributable to capacity constraints within the investigations unit. The Chief Internal Auditor is currently finalizing the progress reports which will be submitted to SCOPA by the end of August 2011.
18	The Auditor-General reported that "The marginal decrease in the vacancy rate (from 22 percent to 16 percent,) is insufficient and impedes service delivery". The Committee recommends that the Accounting Officer ensures that vacancies are filled urgently, so as to strengthen internal controls and improve service delivery.	Staff Establishment	The filling of positions or recruitment drive of the department was suspended in 2008 due to the massive over-expenditure on the personnel budget. The department had since then been requesting additional allocation to fill all vacancies in the department. A detailed plan has been developed with time frames. All vacant and funded (641) positions will be filled by the 30th June 2011
19	The Auditor-General reported that "the Audit Committee saw the resignation of some members during the year, and new members were appointed on 31 May 2009". The Committee recommends that the Accounting Officer ensures that the Audit Committee becomes effective and oversees controls in order to eliminate noncompliance.	Governance Issues	The Department has an effective Audit and Risk Management Committee comprising of six external members, and operates according to its Charter. Seven meetings were held as reported in the 2009/10 Annual Report.



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10.2 SCOPA RESOLUTIONS: PROPERTY MANAGEMENT TRADING ENTITY (PMTE)

TABLE 8: AUDITOR-GENERAL FINDINGS AND SCOPA RESOLUTIONS (PMTE) FOR THE FINANCIAL YEAR 2008 - 09

	Findings for 2008/9	Subject	Progress
1	<p>The Auditor-General reported that “inter-departmental receivables owed by a number of national departments and national public entities amounted to R419 million (31 March 2008: R48 million). This has been outstanding for more than two years. Management did not implement appropriate steps to collect money owed and further did not assess the recoverability of the long-outstanding debts. The receivables amount disclosed is thus overstated by an unknown amount and the provision is understated due to the assessment not being performed”.</p> <p>The Committee recommends that the Accounting Officer must ensure that:</p>	Inter-departmental receivables	
	a) Disciplinary action is taken against staff who fail to perform their duties as required;		<p>a) The performance agreements and work plans of officials have been improved to enable disciplinary action on poor performance.</p> <p>So far no official was found to be under performing.</p> <p>A new structure has been approved to enable the creation of capacity for the PMTE.</p>
	b) Reasonable steps are taken to recover debts before they are written off; and		<p>b) Poor billing remains a challenge due to lack of a financial system. The department has however, initiated the process of acquiring a system. It is anticipated that the system will be implemented during the 2011/12 financial year.</p> <p>The department has made significant progress with the reconciliation of the individual debtors. The Municipal Services, Private leases, State Accommodation and PACE debtors have been fully reconciled. The reconciliation of the Current Account debtors is not yet completed. This is due to historic information which was not readily available and the complexity of the account as it was previously used for various debtors.</p> <p>We are currently addressing the discrepancies which resulted from poor accounting in the past.</p> <p>We are also validating client occupation in our buildings to enable improved billing.</p> <p>The department has implemented compensating controls while a proper system is in the process of being procured. These controls include:</p> <ul style="list-style-type: none"> • Reviewing of the interfaces from PMIS, WCS to BAS. • Reconciliations of the invoices to clients • Intensified debt collection by scheduling one-on-one meetings with client department to resolve any disagreements leading to non payment. • Capacitating the billing section to manage revenue collection. • Drafting of a Revenue management policy.



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	Findings for 2008/9	Subject	Progress
	c) Management understands and exercises oversight in respect of finances and related internal controls.		c) The Top Management Conference (TMC) has been resuscitated to provide a platform for managers to engage and report on their performance. Various forums such as the property and Projects Management forums are used to share best practice as well as to educate managers on their financial responsibility. Managers' responsibilities with regards to the PFMA will be enhanced during the 2011/12 financial year through appointing them in writing as programme and responsibility managers
2	The Committee is concerned with various government Departments' failure to honour their debts to the Department of Public Works for services rendered on their behalf and has ordered the Property Management Trading Entity to forward the list of such defaulters. The Committee has already written to some of the defaulting Departments and entities seeking clarity on their non-payments.	Further recommendations	Although there are still old outstanding debtors in our books, a significant amount has been reduced through the reconciliations conducted by the department during the financial year 2009/10. We are continuously engaging client department to recover old debts, however, due to the modified cash basis of accounting some of the departments have already surrendered the monies to Treasury.

11 PRIOR QUALIFICATIONS TO AUDIT REPORTS

11.1 PRIOR QUALIFICATIONS TO THE AUDIT REPORT: DEPARTMENT OF PUBLIC WORKS

TABLE 9: PRIOR QUALIFICATIONS TO THE AUDIT REPORT: DPW

	Nature of Qualification	FY in which it first arose	Progress made
1	The department did not have a complete asset register of all immovable properties belonging to the national government under the custodianship of the Department of Public Works, as disclosed at R1 in note 31.3.	2008/09	See the note above regarding the enhancement of the asset register The department took a resolution on the treatment of the capital expenditure spent on properties at R1 value. The decision was on the basis that spending any amount to the property does not represent the cost of the property. Including the capital expenditure to the asset at a nominal value of R1 does not accomplish fair presentation in the Financial Statement. The department included a narrative note to explain this to the users of the financial statements. The Department acknowledges the need to perform valuations to achieve fair presentation in the financial statement. Several valuation models are being considered, which will be debated by all CFOs for national and provincial custodians but will have to wait until the asset register has been completed before they can be implemented.



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	Nature of Qualification	FY in which it first arose	Progress made
2	<p>Irregular expenditure</p> <p>Section 38(1)(a)(ii) of the PFMA requires the entity to implement and maintain an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective.</p> <p>The department did not follow the proper procurement process for all procurement which resulted in irregular expenditure. The department did not have adequate systems and procedures to identify and record irregular expenditure.</p>	2009/10	<p>We have developed policies and procedures for the management of irregular expenditure and checklists to enable compliance.</p> <p>However, the monitoring of the systems put in place was not effectively done due to capacity constraints. This resulted in inconsistent reporting to National Treasury as some of the cases were discovered during the audit.</p> <p>Processes are already in place to enable creation of capacity at head office and regional level. It is expected that the structure will be approved and filled during the 2011/12 financial year.</p> <p>We conducted training and emphasized the importance of reporting.</p> <p>Some of the incidents from the previous year have been investigated and resolved.</p>

11.2 PRIOR QUALIFICATIONS TO THE AUDIT REPORT: PROPERTY MANAGEMENT TRADING ENTITY

TABLE 10: PRIOR QUALIFICATIONS TO THE AUDIT REPORT: PMTE

	Nature of Qualification	FY in which it first arose	Progress made
1	<p>Revenue and receivables</p> <p>The trade receivables balance of R2,38 billion (2009: R2,1 billion) and as disclosed in note 4 to the annual financial statements, does not agree to the Total per the individual debtors accounts. The entity did not complete the process of reconciling the difference between the trade receivables at year-end with the underlying accounting records. The entity embarked on an extensive process of reconciling all debtor accounts going back three years to the inception date of entity.</p>	2009/10	<p>During the year under review we engaged in a comprehensive exercise of finalizing the reconciliation of the debtors accounts. The exercise revealed a number of discrepancies relating to claims not submitted to clients and incorrect allocation of receipts.</p> <p>The projects also involved the reconciliation of the financial systems, BAS, PMIS, WCS to balance back payments to recoverable claims.</p> <p>We have reconstructed the debtors books to try and resolve some of the unexplained differences.</p> <p>Although all individual debtors accounts have been reconciled between invoices issued and payments received, the differences emanating from some of the journals passed in the previous years have not been completely resolved.</p>
2	<p>Related Parties</p> <p>Due to lack of a proper accounting system in place for trade receivables and unreconciled individual trade receivables balances at year-end, I was unable to verify completeness, valuation, rights and obligations of related-party balances as disclosed in note 17.2 of the annual financial statements. The entity's accounting records did not permit the application of alternative procedures to verify related party balances.</p>	2009/10	<p>The accounting system has not yet been acquired. The department is still awaiting approval from the National Treasury.</p> <p>As a compensating control the department has conducted extensive manual reconciliations and reconstruction of debtors balances for the State Owned, Private Accommodation, Municipal Payments and PACE debtors to enable improved reporting of related parties.</p> <p>The above initiatives did not avert the previous qualifications due to GAAP compliance matters which could not be fully achieved.</p>



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	Nature of Qualification	FY in which it first arose	Progress made
3	<p>Expenditure and Payables</p> <p>South African Statements of Generally Accepted Accounting Practice, IAS:39 (AC 133), <i>Financial Instruments: Recognition and Measurement</i> requires when a financial liability is recognised an entity shall measure it at fair value plus transactions costs that are attributable to the acquisition of the financial liability. The time value of money was not taken into account when disclosing the fair value of payables as disclosed at R930 million (2009: R722 million) in note 6 at year-end and the prior year. I was unable to determine the effect of the time value of money, as the information supporting the individual trade payables accounts could not be provided for audit purposes. Had the effect of time value of money been applied, the movement would have been recognized against the expenditure</p> <p>Compliance with IAS:39 (AC133)</p>		<p>Although the entity did not comply with the GAAP requirements during the year, a comprehensive reconciliations and analysis of payables has been done for year end reporting.</p> <p>The time value of money is still a challenge due to the lack of systems. The manual exercise undertaken did not prove credible as the discounting was not done in line with the GAAP requirements.</p>
4	<p>Irregular Expenditure</p> <p>Section 38(1)(a)(ii) of the PFMA requires the entity to implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. The entity did not follow the proper procurement process for all procurement, which resulted in irregular expenditure. The entity does not have adequate systems and procedures in place to identify and record irregular expenditure.</p>		<p>Measures put in place under the DPW above at the same time addresses the issues under the PMTE .</p>

OTHER

During the year under review the former Minister, Mr Geoff Doidge, commissioned an investigation on fraud and corruption in all the operations of the department. The investigation was promulgated by the President in June 2010. The investigations are still underway. At the end of the financial year no formal reports had been presented.

The previously reported debt of R67 million arising from a Repairs and Maintenance Project (RAMP) which was done on behalf of Marine Living Resources Fund by the department between 2002 and 2005 is still reflecting in the books of the department. The department has not yet managed to write off the debt.



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APPROVAL

The Annual Financial Statements set out on pages to have been approved by the Accounting Officer.

MR MANDLA MABUZA
ACTING DIRECTOR-GENERAL
22 September 2011



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REPORT OF THE AUDITOR-GENERAL
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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 6: DEPARTMENT OF PUBLIC WORKS

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I was engaged to audit the accompanying financial statements of the Department of Public Works, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statements of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages **81** to **159**.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

IMMOVABLE TANGIBLE CAPITAL ASSETS

4. The National Department of Public Works is required inter alia to record:
 - all un-surveyed or surveyed but unregistered state land in the former territory of the Republic of South Africa (pre April 1994) which is not vested in the name of a province or where custodial powers have not been assigned to another national department in terms of section 4 of the Government Immovable Asset Management Act of South Africa, 2007 (Act No. 19 of 2007) (GIAMA)
 - all land vested with national government and situated in the former TBVC states and self governing territories occupied by a national department in support of its service delivery objectives and where the Department of Public Works performs the custodial functions (barring the disposal thereof) in terms of section 4 of the GIAMA
 - all former South African Development Trust land, which by proclamation vests with the department.

I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the completeness, existence, rights, valuation and allocation of properties recorded in the immovable asset register of the department stated at R3 498 747 000 in note 34 to the financial statements.



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- As disclosed in note 34 to the financial statements, the corresponding figure for immovable assets has been reduced by R6 091 920 000 in order to address a prior year misstatement. No supporting documentation was available for the restatement. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of, and rights pertaining to, the restated immovable assets corresponding figure of R2 238 008 000.

IRREGULAR EXPENDITURE

- Section 38(1)(a)(iii) of the PFMA requires the department to implement and maintain an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective. Furthermore, section 40(3)(b)(i) of the PFMA requires the department to include particulars of all irregular expenditure that occurred during the financial year in its financial statements.
- The department did not have an adequate system in place for identifying and recognising all irregular expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded. Consequently, I was unable to satisfy myself as to the completeness of irregular expenditure relating to the current year stated at R1 396 000 (2010: R27 402 000) in note 26 to the financial statements.
- Payments amounting to R16 552 542 were made in contravention of supply chain management requirements. The amount was not included in irregular expenditure relating to the current year, disclosed at R1 396 000 in note 26 to the financial statements, resulting in irregular expenditure being understated by R16 522 542.

OTHER EXPENDITURE

- I was unable to obtain audit evidence for expenditure transactions with an estimated value of R154 648 753. As the department's records did not permit the application of alternative auditing procedures, I was not able to satisfy myself as to the occurrence, accuracy and compliance of goods and services amounting to R819 046 000 and expenditure for capital assets stated at R1 340 569 000 in the statement of financial performance.

LEASE COMMITMENTS

- The department erroneously did not include operating lease commitments in the prior year financial statements, hence the corresponding figure for operating lease commitments has been restated by R115 039 000 in order to address the prior year misstatement. No supporting documentation was available for the restatement. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the obligation, valuation and classification of the operating lease commitments corresponding figure of R115 039 000 as disclosed in note 24.1 to the financial statements.
- Information technology (IT) finance leases entered into in April 2009 were not included in the finance lease commitments during the prior year. Available lease registers did not contain the commitments as at the end of the prior year. Consequently, the extent to which finance lease commitments of the prior year may be understated could not be determined. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance on the completeness of the finance lease commitments of the prior year, amounting to R7 797 000 as disclosed in note 24.3 to the financial statements.

CONTINGENT LIABILITIES

- Chapter 8, section 29.1 of the Departmental Financial Reporting Framework Guide stipulates that civil claims against the state must be disclosed as contingent liabilities at the most likely amount that the court will settle on. Claims against the department amounting to R5 095 376 were not included in the contingent liabilities disclosed. Furthermore, the department did not perform any assessment as to the most likely settlement amounts. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the claims against the department had been properly recorded; consequently, I was unable to satisfy myself as to the valuation and completeness of claims against the department stated at R29 395 000 in note 20 to the financial statements.



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- Chapter 8, section 29.1 of the Departmental Financial Reporting Framework Guide requires disclosure of interdepartmental unconfirmed balances as part of contingent liabilities. Unconfirmed balances to the value of R3 636 000 were not included in disclosure note 20 to the financial statements, resulting in the contingent liabilities being understated by R3 636 000.

PUBLIC-PRIVATE PARTNERSHIP (PPP)

- Chapter 8, section 39 of the Departmental Financial Reporting Framework Guide requires, amongst others, the department to disclose all current and capital expenditure relating to the PPP arrangement in the disclosure notes. Furthermore, it requires the department to take care to provide information about all obligations it might have in terms of these agreements.
- As disclosed in note 30 to the financial statements, the department is participating in a PPP for the lease of vehicles. However, neither lease expenditure nor lease commitments have been included in the disclosure note. Lease expenditure for the current year was understated by R19 955 610, but the department's accounting records did not permit the quantification of the omission of prior year lease expenditure. Lease commitments of the prior year was understated by R17 400 000, but the department's accounting records did not permit the quantification of the omission of the current year lease commitments. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance as to the extent to which the lease expenditure of the prior year and the lease commitments of the current year had been understated.

DISCLAIMER OF OPINION

- Because of the significance of the matters described in the basis for disclaimer opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

EMPHASIS OF MATTERS

- I draw attention to the matters below. My opinion is not modified in respect of these matters:

MATERIAL UNDERSPENDING OF THE VOTE AND CONDITIONAL GRANTS

- As disclosed in the appropriation statement, the department materially underspent the budget on the immovable asset management programme to the amount of R235 202 000 and the expanded public works programme (EPWP) to the amount of R500 843 000. In terms of the EPWP, the bulk of the underexpenditure was due to the infrastructure grant to provinces and municipalities not being transferred due to the under-reporting and poor performance by the reporting bodies eligible for the incentive grant.
- As a consequence, the department did not achieve its objectives in respect of the fast-tracking of the construction of selected schools and the energy-efficiency intervention.

RESTATEMENT OF CORRESPONDING FIGURES

- As disclosed in notes 21 and 22 to the financial statements the corresponding figures for 31 March 2010 have been restated as a result of errors discovered during 2011 in the financial statements of the Department of Public Works at, and for the year ended, 31 March 2010.

MATERIAL LOSSES

- As disclosed in note 7 to the financial statements, material losses to the amount of R54 836 000 were incurred as a result of a write-off of irrecoverable debtors.



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ADDITIONAL MATTER

22. I draw attention to the matter below. My opinion is not modified in respect of this matter:

UNAUDITED SUPPLEMENTARY SCHEDULES

23. The supplementary annexures set out on pages ... to ... do not form part of the financial statements and are presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

24. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages **16 to 47** and material non-compliance with laws and regulations applicable to the department.

PREDETERMINED OBJECTIVES

USEFULNESS OF INFORMATION

25. The reported performance information was deficient in respect of the following criteria:
- Consistency: The reported objectives, indicators and targets are not consistent with the approved strategic plan.
 - Measurability: The indicators are not well defined and verifiable, and targets are not specific and measurable.
26. The following audit findings relate to the above criteria:
- Reported performance against predetermined indicators and targets was not consistent with the approved strategic plan.
 - For the selected programmes (programme 2 to 4), 26% of the planned and reported targets (all pertaining to programme 2) were not:
 - specific in clearly identifying the nature and the required level of performance;
 - measurable in identifying the required performance.

RELIABILITY OF INFORMATION

27. The reported performance information was deficient in respect of the following criteria:
- Validity: The reported performance did not occur and does not pertain to the entity.
 - Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.
 - Completeness: All actual results and events that should have been recorded have not been included in the reported performance information.
28. The following audit finding relates to the above criteria:
- Sufficient appropriate evidence in relation to programme 2: immovable asset management and programme 3: EPWP could not be obtained. There were no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.



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COMPLIANCE WITH LAWS AND REGULATIONS

STRATEGIC PLANNING

29. The accounting officer did not ensure that the department had and maintained an effective, efficient and transparent system of internal control regarding performance management, which described and represented how the department's processes of performance planning, monitoring, measurement, review and reporting were conducted, organised and managed as required by section 38(1)(a)(i) and (b) of the PFMA.

ANNUAL FINANCIAL STATEMENTS

30. The accounting officer submitted financial statements for auditing that had not been prepared in all material aspects in accordance with generally recognised accounting practice (and supported by full and proper records) as required by section 40(1)(a) and (b) of the PFMA. Certain material misstatements identified by the AGSA with regard to related party transactions, accruals, contingent liabilities and unauthorised expenditure were subsequently corrected. However the uncorrected material misstatements resulted in the financial statements receiving a disclaimer audit opinion in contravention of section 40(3)(a) of the PFMA.

INTERNAL AUDIT

31. The internal audit function did not assess the operational procedures and monitoring mechanisms over all transfers made, including transfers in terms of DoRA as per the requirements of Treasury Regulation 3.2.8.

PROCUREMENT AND CONTRACT MANAGEMENT

32. Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers as per the requirements of Treasury Regulation 16A6.1 and National Treasury Practice Note 8 of 2007/2008.
33. The accounting officer did not in all instances report within 10 working days to the Auditor-General all cases where goods and services above the value of R1 million (VAT included) had been procured in terms of Treasury Regulation 16A6.4 as required by National Treasury Practice Note 6 of 2007/2008.

HUMAN RESOURCE MANAGEMENT AND COMPENSATION

34. Persons in charge at pay points did not certify on the date of payment that all employees listed on the payroll report were entitled to the payment, as per the requirements of Treasury Regulation 8.3.4.

EXPENDITURE MANAGEMENT

35. The accounting officer did not take effective and appropriate steps to prevent and detect irregular expenditure as per the requirements of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.
36. Payments due to creditors were not always settled within 30 days from receipt of an invoice as per the requirements of section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.

TRANSFER OF FUNDS AND CONDITIONAL GRANTS

37. The transferring national officer deposited funds into a bank account which was not designated as the primary bank account of a province or municipality, contrary to the requirements of section 10(1)(d) of the DoRA.



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REVENUE MANAGEMENT

38. The accounting officer did not take effective and appropriate steps to timeously collect all money due to the institution as per the requirements of Treasury Regulation 11.2.1.

ASSET MANAGEMENT

39. The accounting officer did not implement proper control systems for the safeguarding and maintenance of assets to prevent theft, losses, wastage and misuse as required by Treasury Regulation 10.1.

FINANCIAL MISCONDUCT

40. The accounting officer did not ensure that investigations were conducted into all allegations of financial misconduct made against officials within 30 days from the date of discovery of the allegation as required in terms of Treasury Regulation 4.1.2.

INTERNAL CONTROL

41. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

42. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.
43. The accounting officer did not in all instances establish and communicate policies and procedures to enable and support the understanding and execution of internal objectives, processes and responsibilities.
44. Although an audit action plan to address internal control deficiencies had been compiled by the department, the progress indicated in the plans was not effectively managed and timeous feedback on the progress was not provided.

FINANCIAL AND PERFORMANCE MANAGEMENT

45. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.
46. Implemented controls over daily and monthly processing and reconciling of transactions were ineffective.
47. The accounting officer did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
48. The reviewing and monitoring of compliance with applicable laws and regulations were ineffective.

GOVERNANCE

49. Regular risk assessments, including the consideration of IT risks and fraud prevention, were not effectively conducted. A risk strategy to address identified risks was not developed and monitored.



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50. The accounting officer did not ensure that the internal audit unit was adequately resourced to ensure that the unit could effectively assist in identifying internal control deficiencies and developing recommendations in respect of corrective action to be taken to address the internal control deficiencies identified.

OTHER REPORTS

INVESTIGATION

51. An investigation is being conducted to probe the alleged abuse of urgent and emergency procurement as well the utilisation of sole suppliers. The investigation aims to establish whether there was collusion between officials and service providers and to determine any reckless spending of funds. The investigation was still ongoing at the reporting date.

PERFORMANCE AUDIT

52. A performance audit is being conducted on the readiness of government to report on its performance. The focus of the audit is on how government institutions are guided and assisted to report on their performance, as well as the systems and processes that they have put in place. The findings will be reported on in a separate report.

Auditor-General

Pretoria

8 September 2011



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



DEPARTMENT OF PUBLIC WORKS
VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2011

APPROPRIATION STATEMENT	Appropriation per programme									
	2010/11					2009/10				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
1. ADMINISTRATION										
Current payment	613 717	-	39 521	653 238	653 238	-	100.0%	733 320	733 228	
Transfers and subsidies	566	-	1 800	2 366	2 366	-	100.0%	1 100	454	
Payment for capital assets	15 061	-	8 778	23 839	23 839	-	100.0%	4 311	4 250	
Payment for financial assets	-	-	12	12	12	-	100.0%	35 497	35 497	
	629 344	-	50 111	679 455	679 455	-	-	774 228	773 429	
2. IMMOVABLE ASSET MANAGEMENT										
Current payment	1 122 605	(54 559)	13 810	1 081 856	1 023 346	58 510	94.6%	938 721	937 031	
Transfers and subsidies	2 577 307	-	268	2 577 575	2 577 575	-	100.0%	2 034 295	2 034 295	
Payment for capital assets	1 499 525	-	(9 793)	1 489 732	1 313 041	176 691	88.1%	1 502 765	1 288 912	
Payment for financial assets	-	54 599	-	54 599	54 558	1	100.0%	4 844	4 844	
	5 199 437	-	4 285	5 203 722	4 968 520	235 202	-	4 480 625	4 265 082	
3. EXPANDED PUBLIC WORKS PROGRAMME										
Current payment	275 701	10 515	(55 360)	230 856	212 923	17 933	92.2%	165 095	161 331	
Transfers and subsidies	1 200 963	(10 515)	(8 982)	1 181 466	698 556	482 910	59.1%	549 113	421 206	
Payment for capital assets	2 446	-	1 015	3 461	3 461	-	100.0%	1 514	1 505	
	1 479 110	-	(63 327)	1 415 783	914 940	500 843	-	715 722	584 042	
4. PROPERTY AND CONSTRUCTION INDUSTRY POLICY REGULATIONS										
Current payment	29 808	-	-	29 808	18 819	10 989	63.1%	29 428	17 393	
Transfers and subsidies	-	-	8 982	8 982	8 982	-	100.0%	8 554	8 554	
Payment for capital assets	231	-	-	231	228	3	98.7%	49	49	
	30 039	-	8 982	39 021	28 029	10 992	-	38 031	25 996	
5. AUXILIARY AND ASSOCIATED SERVICES										
Current payment	7 058	-	1 752	8 810	8 810	-	100.0%	23 942	23 939	
Transfers and subsidies	19 809	-	(2 068)	17 741	15 064	2 677	84.9%	16 582	15 661	
Payment for financial assets	-	-	265	265	265	-	100.0%	-	-	
	26 867	-	(51)	26 816	24 139	2 677	-	40 524	39 600	



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 for the year ended 31 March 2011

APPROPRIATION STATEMENT	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
SUB TOTALS	7 364 797	-	-	7 364 797	6 615 083	749 714	89.8%	6 049 130	5 688 149
Statutory Appropriation	100 000	-	-	100 000	451	-	0.5%	-	-
Current payment	7 464 797	-	-	7 464 797	6 615 534	749 714	88.6%	6 049 130	5 688 149
Total									



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	2010/11		2009/10	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
Total (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	40 042		39 592	
Actual amounts per statement of financial performance (Total revenue)	7 504 839		6 088 722	
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (Total expenditure)		6 615 534		5 688 149



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	Appropriation per economic classification							2009/10	
	2010/11							Final Appropriation	Actual expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	1 200 887	(74 360)	(13 810)	1 112 717	1 089 693	23 024	97.9%	988 148	976 101
Goods and services	846 442	23 028	13 533	883 003	819 046	63 957	92.8%	899 933	894 397
Interest and rent on land	1 560	7 288	-	8 848	8 848	-	100.0%	2 962	2 962
Transfers and subsidies									
Provinces and municipalities	2 875 864	(85)	(8 975)	2 866 804	2 383 893	482 911	83.2%	1 694 352	1 566 445
Departmental agencies and accounts	711 482	-	-	711 482	710 342	1 140	99.8%	680 249	679 329
Foreign governments and international organisations	17 467	-	(2 068)	15 399	13 863	1 536	90.0%	14 774	14 774
Public corporations and private enterprises	10 515	(10 515)	-	-	-	-	-	14 843	14 793
Non-profit institutions	1 79 811	-	8 982	188 793	188 793	-	100.0%	198 554	198 554
Households	3 506	12	2 061	5 579	5 578	1	100.0%	5 035	4 387
Gifts and donations	-	73	-	73	73	-	100.0%	90	90
Payments for capital assets									
Buildings and other fixed structures	1 375 982	-	-	1 375 982	1 255 873	120 109	91.3%	1 462 325	1 253 581
Machinery and equipment	136 137	3 385	(499)	139 023	82 479	56 544	59.3%	46 224	41 106
Software and other intangible assets	5 144	(3 385)	499	2 258	2 217	41	98.2%	1 300	1 289
Payments for financial assets									
	-	54 559	277	54 836	54 836	-	100.0%	40 341	40 341
Total	7 364 797	-	-	7 364 797	6 615 534	749 236	89.8%	6 049 130	5 688 149



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Statutory Appropriation									
Direct changes against the National/Provincial Revenue Fund	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
List all direct charges against the National/Provincial Revenue Fund									
President and Deputy President salaries	100 000	-	-	100 000	451	99 549	0.5%		
Member of executive committee / parliamentary officers									
Judges and magistrates salaries									
Sector education and training authorities (SETA)									
National Skills Fund									
Total	100 000			100 000	451	99 549	0.5%		



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for the year ended 31 March 2011

Detail Per Programme 1 – Administration 2010/11										2009/10	
Detail per sub-programme 1	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1.1 Minister											
Current payment	1 811	33	-	1 844	1 844	-	100.0%	1 725	1 725		1 725
1.2 Deputy Minister											
Current payment	1 492	-	-	1 492	1 492	-	100.0%	1 276	1 276		1 276
1.3 Management											
Current payment	92 109	(11 944)	-	80 165	80 165	-	100.0%	75 213	75 213		75 213
Transfers and subsidies	-	-	1 222	1 222	1 222	-	100.0%	100	100		91
Payment for capital assets	2 560	-	2 104	4 664	4 664	-	100.0%	1 970	1 970		1 970
1.4 Corporate Services											
Current payment	200 278	16 805	39 521	256 604	256 604	-	100.0%	243 903	243 811		243 811
Transfers and subsidies	566	-	578	1 144	1 144	-	100.0%	1 000	363		363
Payment for capital assets	12 501	-	6 674	19 175	19 175	-	100.0%	2 341	2 280		2 280
Payment for financial assets	-	-	12	12	12	-	100.0%	35 497	35 497		35 497
1.5 Office Accommodation											
Current payment	318 027	(4 894)	-	313 133	313 133	-	100.0%	411 203	411 203		411 203
Total	629 344	-	50 111	679 455	679 455	-	100.0%	774 228	773 429		773 429



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for the year ended 31 March 2011

Programme 1 Per Economic classification	2010/11					2009/10			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	179 690	(10 632)	-	169 058	169 058	-	100.0%	154 186	154 186
Goods and services	433 527	10 752	39 521	483 800	483 800	-	100.0%	578 651	578 560
Interest and rent on land	500	(120)	-	380	380	-	100.0%	482	482
Transfers and subsidies to:									
Provinces and municipalities	-	-	3	3	3	-	100.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	50	-
Households	566	-	1 797	2 363	2 363	-	100.0%	1 010	363
Gifts and donations	-	-	-	-	-	-	-	90	90
Payment for capital assets									
Machinery and equipment	10 061	3 385	8 778	22 224	22 224	-	100.0%	4 221	4 221
Software and other intangible assets	5 000	(3 385)	-	1 615	1 615	-	100.0%	41	30
Payments for financial assets									
Total	629 344	-	50 111	679 455	679 455	-	99.9%	774 228	773 429



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Detail Per Programme 2-Immovable Assets 2010/11										2009/10	
Detail per sub-programme 2	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000		
2.1 Infrastructure(Public Works)											
Payment for capital assets	1 375 982	-	-	1 375 982	1 255 874	120 108	91.3%	1 462 325	1 253 581		
2.2 Property Management											
Transfers and subsidies	1 865 227	-	-	1 865 227	1 865 227	-	100.0%	1 351 744	1 351 744		
2.3 Strategic Assets Investment Analysis											
Current payment	207 602	(48 952)	13 810	172 460	115 742	56 718	67.1%	118 783	117 093		
Transfers and subsidies	500	(187)	-	313	313	-	100.0%	137	137		
Payment for capital assets	3 000	-	-	3 000	1 525	1 475	50.8%	1 545	1 181		
Payment for financial assets	-	48 279	-	48 279	48 278	1	100.0%	4 844	4 844		
2.4 Operation Management											
Current payment	881 483	(29 405)	-	852 078	851 472	606	99.9%	797 220	797 220		
Transfers and subsidies	2 439	50	268	2 757	2 757	-	100.0%	3 972	3 972		
Payment for capital assets	36 063	-	-	36 063	23 094	12 969	64.0%	38 844	34 099		
Payment for financial assets	-	6 255	-	6 255	6 255	-	100.0%	-	-		
2.5 Prestige Management											
Current payment	10 000	28 558	-	38 558	38 558	-	100.0%	-	-		
Transfers and subsidies	-	137	-	137	137	-	100.0%	-	-		
Payment for capital assets	76 000	-	(9 793)	66 207	31 911	34 296	48.2%	-	-		
Payment for financial assets	-	25	-	25	25	-	100.0%	-	-		
2.6 Special Projects											
Current payment	23 520	(4 760)	-	18 760	17 574	1 186	93.7%	22 718	22 718		
Payment for capital assets	8 480	-	-	8 480	637	7 843	7.5%	51	51		
2.7 Construction Industry Development Board											
Transfers and subsidies	63 665	-	-	63 665	63 665	-	100.0%	59 269	59 269		
2.8 Council For The Built Environment											
Transfers and subsidies	25 527	-	-	25 527	25 527	-	100.0%	24 155	24 155		
2.9 Parliamentary Villages Management Board											
Transfers and subsidies	6 982	-	-	6 982	6 982	-	100.0%	6 607	6 607		
2.10 Augmentation of the Property Management Trading Entity											
Transfers and subsidies	612 967	-	-	612 967	612 967	-	100.0%	588 411	588 411		
Total	5 199 437	-	4 285	5 203 722	4 968 520	235 202	95.5%	4 480 625	4 265 082		



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Programme 2 Per Economic classification	2010/11				2009/10				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	917 501	(63 728)	-	853 773	850 120	3 653	99.6%	761 256	761 245
Goods and services	204 104	6 200	13 810	224 114	169 256	54 858	75.5%	175 640	173 961
Interest and rent on land	1 000	2 969	-	3 969	3 969	-	100.0%	2 363	2 363
Transfers and subsidies to:									
Provinces and municipalities	1 865 227	-	4	1 865 231	1 865 231	-	100.0%	1 349 739	1 349 739
Departmental agencies and accounts	709 141	-	-	709 141	709 141	-	100.0%	678 442	678 442
Public corporations and private enterprises	-	-	-	-	-	-	-	293	293
Households	2 939	-	264	3 203	3 203	-	100.0%	4 024	4 024
Payment for capital assets									
Buildings and other fixed structures	1 375 982	-	-	1 375 982	1 255 873	120 109	91.3%	1 462 325	1 253 581
Machinery and equipment	123 399	-	(9 793)	113 606	57 065	56 541	50.2%	40 440	35 331
Software and other intangible assets	144	-	-	144	103	41	71.5%	1 259	1 259
Payments for financial assets									
Total	5 199 437	-	4 285	5 203 722	4 968 520	235 202	95.5%	4 480 625	4 265 082



DEPARTMENT OF PUBLIC WORKS
VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2011

Detail Per Programme 3 – Expanded Public Works Programme									
									2009/10
Detail per sub-programme 3	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
3.1 Expanded Public Works Programme									
Current payment	275 701	10 515	(55 360)	230 856	212 923	17 933	92.2%	165 095	161 331
Transfers and subsidies	1 200 963	(10 515)	(8 982)	1 181 466	698 556	482 910	59.1%	549 113	421 206
Payment for capital assets	2 446	-	1 015	3 461	3 461	-	100.0%	1 514	1 505
Total	1 479 110	-	(63 327)	1 415 783	914 940	500 843	64.6%	715 722	584 042



DEPARTMENT OF PUBLIC WORKS
VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2011

Programme 3 Per Economic classification	2010/11						2009/10		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	92 984	-	(13 810)	79 174	64 081	15 093	80.9%	58 644	54 880
Goods and services	182 667	6 083	(41 550)	147 200	144 812	2 388	98.4%	106 346	106 346
Interest and rent on land	50	4 432	-	4 482	4 482	-	100.0%	105	105
Transfers and subsidies to:									
Provinces and municipalities	1 010 637	(85)	(8 982)	1 001 570	518 659	482 911	51.8%	344 613	216 706
Public corporations and private enterprises	10 515	(10 515)	-	-	-	-	-	14 500	14 500
Non-profit institutions	179 811	-	-	179 811	179 811	-	100.0%	190 000	190 000
Households	-	12	-	12	12	-	100.0%	-	-
Gifts and donations	-	73	-	73	73	-	100.0%	-	-
Payment for capital assets									
Machinery and equipment	2 446	-	516	2 962	2 962	-	100.0%	1 514	1 505
Software and other intangible assets	-	-	499	499	499	-	100.0%	-	-
Total	1 479 110	-	(63 327)	1 415 783	915 391	500 392	64.7%	715 722	584 042



DEPARTMENT OF PUBLIC WORKS
VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2011

Detail Per Programme 4 – Property And Construction Industry Policy Regulations 2010/11										2009/10	
Detail per sub-programme 4	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000		
4.1 Construction Industry Development Programme											
Current payment	19 532	(1 627)	-	17 905	6 916	10 989	38.6%	18 097	6 062		
Transfers and subsidies	-	-	8 982	8 982	8 982	-	100.0%	8 554	8 554		
Payment for capital assets	121	(27)	-	94	91	3	96.8%	42	42		
4.2 Property Industry Development Programme											
Current payment	10 276	1 627	-	11 903	11 903	-	100.0%	11 331	11 331		
Payment for capital assets	110	27	-	137	137	-	100.0%	7	7		
Total	30 039	-	8 982	39 021	28 029	10 992	71.8%	38 031	25 996		



DEPARTMENT OF PUBLIC WORKS
VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2011

Programme 4 Per Economic classification	2010/11					2009/10				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Current payments										
Compensation of employees	10 712	-	-	10 712	6 434	4 278	60.1%	14 062	5 790	
Goods and services	19 086	(7)	-	19 079	12 368	6 711	64.8%	15 354	11 591	
Interest and rent on land	10	7	-	17	17	-	100.0%	12	12	
Transfers and subsidies to:										
Non-profit institutions	-	-	8 982	8 982	8 982	-	100.0%	8 554	8 554	
Payment for capital assets										
Machinery and equipment	231	-	-	231	228	3	98.7%	49	49	
Total	30 039	-	8 982	39 021	28 029	10 992	71.8%	38 031	25 996	



DEPARTMENT OF PUBLIC WORKS
VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2011

Detail Per Programme 5 – Auxiliary And Associated Services 2010/11										2009/10	
Detail per sub-programme 5	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000		
5.1 Compensation for Losses											
Current payment	1 945	(1 945)	-	-	-	-	-	1	-		
Payment for financial assets	-	-	265	265	265	-	100.0%	-	-		
5.2 Distress Relief											
Current payment	1	(1)	-	-	-	-	-	1	-		
5.3 Loskop Settlement											
Transfers and subsidies	1	-	-	1	-	1	-	1	-		
5.4 Assistance to Organisations For Preservation of National Memorials											
Transfers and subsidies	17 467	-	(2 068)	15 399	13 863	1 536	90.0%	14 774	14 774		
5.5 State Functions											
Current payment	5 112	1 946	1 752	8 810	8 810	-	100.0%	23 940	23 939		
5.6 Sector Education And Training Authority											
Transfers and subsidies	2 341	-	-	2 341	1 201	1 140	51.3%	1 807	887		
Total	26 867	-	(51)	26 816	24 139	2 677	90.0%	40 524	39 600		



DEPARTMENT OF PUBLIC WORKS
VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2011

Programme 5 Per Economic classification	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Goods and services	7 058	-	1 752	8 810	8 810	-	100.0%	23 942	23 939
Transfers and subsidies to:									
Departmental agencies and accounts	2 341	-	-	2 341	1 201	1 140	51.3%	1 807	887
Foreign governments and international organisations	17 467	-	(2 068)	15 399	13 863	1 536	90.0%	14 774	14 774
Households	1	-	-	1	-	1	-	1	-
Payments for financial assets	-	-	265	265	265	-	100.0%	-	-
Total	26 867	-	(51)	26 816	24 139	2 677	90.0%	40 524	39 600



**DEPARTMENT OF PUBLIC WORKS
VOTE 6
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2011**

1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT (AFTER VIREMENT):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED (AFTER VIREMENT):

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

3. DETAIL ON PAYMENTS FOR FINANCIAL ASSETS

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT):

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	679 455	679 455	0	0%
Immovable Asset Management	5 203 722	4 968 520	235 202	4.5%
Expenditure variance in programme two is due unspent funds for compensation of employees, goods and services				
Infrastructure and machinery and equipment				
Expanded Public Works Programme	1 415 783	914 940	500 843	35.4%
Expenditure variance is due to few provinces and municipalities qualifying for the EPWP incentive grant				
Property and Construction Industry Policy Regulations	39 021	28 029	10 992	28%
Expenditure variance in programme four is due to low spending under goods and services				
Auxiliary and Associated Services	26 816	24 139	2 677	10%
Expenditure variance is due to the saving realised from the transfer payments made to other entities				



DEPARTMENT OF PUBLIC WORKS
VOTE 6
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2011

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1 112 717	1 089 693	23 024	2.1%
Goods and services	883 003	819 046	63 957	7.8%
Interest and rent on land	8 848	8 848	-	0%
Transfers and subsidies				
Provinces and municipalities	2 866 804	2 383 893	482 911	7%
Departmental agencies and accounts	711 842	710 342	1 140	0%
Foreign governments and international organisations	15 399	13 863	1 536	10.0%
Non-profit institutions	188 793	188 793	-	0%
Households	5 579	5 578	1	0%
Payments for capital assets				
Buildings and other fixed structures	1 375 982	1 255 873	120 109	9%
Machinery and equipment	139 023	82 479	56 544	30.7%
Software and other intangible assets	2 258	2 217	41	2%
Payments for financial assets	54 836	54 836	-	0%



DEPARTMENT OF PUBLIC WORKS
VOTE 6
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2011

PERFORMANCE	Note	2010/11	2009/10
		R'000	R'000
REVENUE			
Annual appropriation	<u>1</u>	7 364 797	6 049 130
Statutory appropriation	<u>2</u>	100 000	-
Departmental revenue	<u>3</u>	40 042	39 592
Total REVENUE		7 504 839	6 088 722
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	1 089 693	976 101
Goods and services	<u>5</u>	819 046	894 397
Interest and rent on land	<u>6</u>	8 848	2 962
Total current expenditure		1 917 587	1 873 460
Transfers and subsidies			
Transfers and subsidies	<u>8</u>	3 302 542	2 478 372
Total transfers and subsidies		3 302 542	2 478 372
Expenditure for capital assets			
Tangible capital assets	<u>9</u>	1 338 352	1 294 686
Software and other intangible assets	<u>9</u>	2 217	1 290
Total expenditure for capital assets		1 340 569	1 295 976
Payments for financial assets	<u>7</u>	54 836	40 341
Total EXPENDITURE		6 615 534	5 688 149
SURPLUS/(DEFICIT) FOR THE YEAR		889 305	400 573
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		849 263	360 981
Annual appropriation			
Conditional grants			
Unconditional grants			
Departmental revenue and NRF Receipts	<u>16</u>	40 042	39 592
SURPLUS/(DEFICIT) FOR THE YEAR		889 305	400 573



DEPARTMENT OF PUBLIC WORKS
VOTE 6
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2011

POSITION	Note	2010/11 R'000	2009/10 R'000
ASSETS			
Current assets		942 864	610 741
Unauthorised expenditure	<u>10</u>	58 495	58 495
Fruitless and wasteful expenditure	<u>11</u>	-	389
Cash and cash equivalents	<u>12</u>	555 905	372 324
Prepayments and advances	<u>13</u>	176 055	5 113
Receivables	<u>14</u>	152 409	174 420
Total ASSETS		942 864	610 741
LIABILITIES			
Current liabilities		939 303	609 331
Voted funds to be surrendered to the Revenue Fund	<u>15</u>	849 271	360 985
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>16</u>	6 118	4 542
Payables	<u>17</u>	83 914	243 804
Total LIABILITIES		939 303	609 331
NET ASSETS		3 561	1 410
Represented by:			
Recoverable revenue		3 561	1 410
Total		3 561	1 410



DEPARTMENT OF PUBLIC WORKS
 VOTE 6
 STATEMENT OF CHANGES IN NET ASSETS
 for the year ended 31 March 2011

NET ASSETS	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Recoverable revenue			
Opening balance		1 410	2 762
Transfers:		2 151	(1 352)
Debts recovered (included in departmental receipts)		-	-1 352
Debts raised		2 151	-
Closing balance		3 561	1 410
Total		3 561	1 410



DEPARTMENT OF PUBLIC WORKS
VOTE 6
CASH FLOW STATEMENT
for the year ended 31 March 2011

CASH FLOW	Note	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		7 503 768	6 085 660
Annual appropriated funds received	<u>1.1</u>	7 364 797	6 049 130
Statutory appropriated funds received	<u>2</u>	100 000	-
Departmental revenue received	<u>3</u>	38 971	36 530
Net (increase)/decrease in working capital		(308 432)	(16 964)
Surrendered to Revenue Fund		(399 443)	(190 582)
Current payments		(1 917 587)	(1 873 460)
Payments for financial assets		(54 836)	(40 341)
Transfers and subsidies paid		(3 302 542)	(2 478 372)
Net cash flow available from operating activities	<u>19</u>	1 520 928	1 485 941
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>9</u>	(1 340 569)	(1 295 976)
Proceeds from sale of capital assets	<u>3.4</u>	1 071	3 062
Net cash flows from investing activities		(1 339 498)	(1 292 914)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		2 151	(1 352)
Net cash flows from financing activities		2 151	(1 352)
Net increase/(decrease) in cash and cash equivalents		183 581	191 675
Cash and cash equivalents at beginning of period		372 324	180 649
Cash and cash equivalents at end of period	<u>19</u>	555 905	372 324



DEPARTMENT OF PUBLIC WORKS
VOTE 6
ACCOUNTING POLICIES
for the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 PRESENTATION CURRENCY

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 ROUNDING

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 COMPARATIVE FIGURES

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 COMPARATIVE FIGURES - APPROPRIATION STATEMENT

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. REVENUE

2.1 APPROPRIATED FUNDS

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.



DEPARTMENT OF PUBLIC WORKS
VOTE 6
ACCOUNTING POLICIES
for the year ended 31 March 2011

2.2 DEPARTMENTAL REVENUE

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 DIRECT EXCHEQUER RECEIPTS

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 DIRECT EXCHEQUER PAYMENTS

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 AID ASSISTANCE

Aids assistance is recognised as revenue when received

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.



DEPARTMENT OF PUBLIC WORKS
VOTE 6
ACCOUNTING POLICIES
for the year ended 31 March 2011

3. EXPENDITURE

3.1 COMPENSATION OF EMPLOYEES

3.1.1 SALARIES AND WAGES

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 SOCIAL CONTRIBUTIONS

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

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.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 GOODS AND SERVICES

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the Total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

3.3 INTEREST AND RENT ON LAND

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.



DEPARTMENT OF PUBLIC WORKS
VOTE 6
ACCOUNTING POLICIES
for the year ended 31 March 2011

3.4 PAYMENTS FOR FINANCIAL ASSETS

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 TRANSFERS AND SUBSIDIES

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 UNAUTHORISED EXPENDITURE

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 IRREGULAR EXPENDITURE

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. ASSETS

4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.



DEPARTMENT OF PUBLIC WORKS
VOTE 6
ACCOUNTING POLICIES
for the year ended 31 March 2011

4.2 OTHER FINANCIAL ASSETS

Other financial assets are carried in the statement of financial position at cost.

4.3 PREPAYMENTS AND ADVANCES

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 RECEIVABLES

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

4.5 INVESTMENTS

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 LOANS

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 INVENTORY

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.



DEPARTMENT OF PUBLIC WORKS
VOTE 6
ACCOUNTING POLICIES
for the year ended 31 March 2011

4.8 CAPITAL ASSETS

4.8.1 MOVABLE ASSETS

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the Total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2 IMMOVABLE ASSETS

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the Total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the Total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5. LIABILITIES

5.1 PAYABLES

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 CONTINGENT LIABILITIES

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 CONTINGENT ASSETS

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.



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ACCOUNTING POLICIES
for the year ended 31 March 2011

5.4 COMMITMENTS

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 ACCRUALS

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 EMPLOYEE BENEFITS

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 LEASE COMMITMENTS

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 IMPAIRMENT AND OTHER PROVISIONS

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.



DEPARTMENT OF PUBLIC WORKS
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ACCOUNTING POLICIES
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7. NET ASSETS

7.1 CAPITALISATION RESERVE

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2 RECOVERABLE REVENUE

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the disclosure notes.

9. KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. PUBLIC PRIVATE PARTNERSHIPS

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



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VOTE 6
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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1. ANNUAL APPROPRIATION

1.1 ANNUAL APPROPRIATION

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2010/11		2009/10	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Programme 1	679 455	679 455	-	774 228
Programme 2	5 203 722	5 203 722	-	4 390 594
Programme 3	1 415 783	1 415 783	-	837 177
Programme 4	39 021	39 021	-	47 131
Programme 5	26 816	26 816	-	-
Total	7 364 797	7 364 797	-	6 049 130

2. STATUTORY APPROPRIATION

	2010/11	2009/10
	R'000	R'000
National Skills Fund	100 000	-
Total	100 000	-
Actual Statutory Appropriation received	100 000	-

R100 million appropriated to the department from the National Skills Fund via the Department of Higher Education for implementation of the Expended Public Works Programme.

3. DEPARTMENTAL REVENUE

	Note	2010/11	2009/10
		R'000	R'000
Sales of goods and services other than capital assets	3.1	33 743	30 031
Fines, penalties and forfeits	3.2	19	4
Interest, dividends and rent on land	3.3	192	2 656
Sales of capital assets	3.4	1 071	3 062
Transactions in financial assets and liabilities	3.5	5 017	3 839
Total revenue collected		40 042	39 592
Departmental revenue collected		40 042	39 592



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3.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Sales of goods and services produced by the department		33 743	30 018
Sales by market establishment		414	401
Other sales		33 329	29 617
Sales of scrap, waste and other used current goods		-	13
Total		33 743	30 031

3.2 FINES, PENALTIES AND FORFEITS

Fines	3	19	4
Total		19	4

3.3 INTEREST, DIVIDENDS AND RENT ON LAND

Interest	3	192	2 646
Rent on land		-	10
Total		192	2 656

3.4 SALE OF CAPITAL ASSETS

Tangible assets		1 071	3 062
Land and subsoil assets	32	1 071	-
Machinery and equipment	32	-	3 062
Total		1 071	3 062

3.5 TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES

Receivables		648	362
Other Receipts including Recoverable Revenue		4 369	3 477
Total		5 017	3 839



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4. COMPENSATION OF EMPLOYEES

4.1 SALARIES AND WAGES

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Basic salary		737 514	677 300
Performance award		13 871	14 004
Service Based		56 529	1 859
Compensative/circumstantial		11 817	9 760
Periodic payments		2 434	1 792
Other non-pensionable allowances		119 903	139 667
Total		942 068	844 382

4.2 SOCIAL CONTRIBUTIONS

Employer contributions			
Pension		91 936	83 097
Medical		55 420	48 463
Bargaining council		269	159
Total		147 625	131 719
Total compensation of employees		1 089 693	976 101
Average number of employees		7 462	5 026

Included in the Total average number of employees of 7,462 is 2,469 contract employees in the current financial year.



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5. GOODS AND SERVICES

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		321	810
Advertising		14 371	14 920
Assets less than R5,000	5.1	10 588	8 251
Bursaries (employees)		339	4 975
Catering		2 389	2 218
Communication		33 918	34 975
Computer services	5.2	39 095	6 625
Consultants, contractors and agency/outsourced services	5.3	226 501	189 045
Entertainment		666	488
Audit cost – external	5.4	31 475	31 555
Inventory	5.5	48 247	50 975
Operating leases	5.6	175 968	180 779
Owned and leasehold property expenditure		140 707	282 513
Travel and subsistence	5.7	75 899	63 489
Venues and facilities		3 753	11 264
Training and staff development		9 887	8 598
Other operating expenditure	5.8	4 922	2 917
Total		819 046	894 397

5.1 ASSETS LESS THAN R5,000

Tangible assets	10 588	8 251
Machinery and equipment	10 588	8 251
Total	10 588	8 251

5.2 COMPUTER SERVICES

SITA computer services	19 395	513
External computer service providers	19 700	6 112
Total	39 095	6 625

5.3 CONSULTANTS, CONTRACTORS AND AGENCY/OUTSOURCED SERVICES

Business and advisory services	129 727	34 173
Infrastructure and planning	7 012	73 342
Legal costs	6 511	7 835
Contractors	47 078	28 194
Agency and support/outsourced services	36 173	45 501
Total	226 501	189 045



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5.4 AUDIT COST – EXTERNAL

Regularity audits	31 475	31 555
Total	31 475	31 555

5.5 INVENTORY

	Note	2010/11 R'000	2009/10 R'000
Learning and teaching support material		29	10
Food and food supplies		10	8
Fuel oil and gas		24 200	26 189
Other consumable materials		14 333	11 962
Maintenance material		1 224	1 012
Stationery and printing		8 429	11 787
Medical supplies		22	7
Total		48 247	50 975

5.6 PROPERTY PAYMENTS

Municipal services	133 829	237 568
Property management fees	6 218	-
Other	660	44 945
Total	140 707	282 513

5.7 TRAVEL AND SUBSISTENCE

Local	<u>5</u>	71 617	61 969
Foreign		4 282	1 520
Total		75 899	63 489

5.8 OTHER OPERATING EXPENDITURE

Learnerships	1 761	-
Professional bodies membership and subscription fees	1 174	916
Resettlement costs	722	1 064
Other	1 265	937
Total	4 922	2 917

6 INTEREST AND RENT ON LAND

Interest paid	8 848	2 962
Total	8 848	2 962



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7 PAYMENTS FOR FINANCIAL ASSETS

Other material losses written off	7.1	48 668	30 319
Debts written off	7.2	6 168	10 022
Total		54 836	40 341

7.1 OTHER MATERIAL LOSSES WRITTEN OFF

	Note	2010/11	2009/10
		R'000	R'000
Nature of losses			
(Group major categories, but list material items)			
Fruitless expenditure written off-relating to prior years		389	30 319
Claims recoverable		48 279	-
Total		48 668	30 319

An amount of R48m relates to claims that occurred between 1999 - 2003 from FMS, the department wrote off the balance after extensive reconciliations. The basis for write off was due to lack of supporting documents and irrecoverability where documents were available.

7.2 DEBTS WRITTEN OFF

Nature of debts written off	7		
(Group major categories, but list material items)			
Irregular		-	7 090
Irrecoverable debts		6 168	2 932
Total		6 168	10 022

Of the above amount of R6,1 million written off, R2,3 million relates to warrant vouchers unlawfully cashed during the period 1996-1999 when the Department was still processing payments via warrant vouchers.

8 TRANSFERS AND SUBSIDIES

	Note	2010/11	2009/10
		R'000	R'000
Provinces and municipalities	35, 36, 37 Annex 1A, Annex 1B	2 383 894	1 566 445
Departmental agencies and accounts	Annex 1C	710 342	679 329
Foreign governments and international organisations	Annex 1E	13 863	14 774
Public corporations and private enterprises	Annex 1D	-	14 793
Non-profit institutions	Annex 1F	188 793	198 554
Households	Annex 1G	5 577	4 387
Gifts, donations and sponsorships made	Annex 1I	73	90
Total		3 302 542	2 478 372

Unspent funds transferred to the above beneficiaries



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9 EXPENDITURE FOR CAPITAL ASSETS

	Note	2010/11 R'000	2009/10 R'000
Tangible assets		1 338 352	1 294 686
Buildings and other fixed structures	34	1 255 873	1 253 584
Heritage assets	32, 34	-	220
Machinery and equipment	32	82 479	40 882
Software and other intangible assets		2 217	1 290
Computer software	33	2 217	1 290
Total		1 340 569	1 295 976

9.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	1 338 352	-	1 338 352
Buildings and other fixed structures	1 255 873	-	1 255 873
Machinery and equipment	82 479	-	82 479
Software and other intangible assets	2 217	-	2 217
Computer software	2 217	-	2 217
Total	1 340 569	-	1 340 569

9.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2009/10

Tangible assets	1 294 686	-	1 294 686
Buildings and other fixed structures	1 253 584	-	1 253 584
Machinery and equipment	41 102	-	41 102
Software and other intangible assets	1 290	-	1 290
Computer software	1 290	-	1 290
Total	1 295 976	-	1 295 976

10 UNAUTHORISED EXPENDITURE

10.1 RECONCILIATION OF UNAUTHORISED EXPENDITURE

	Note	2010/11 R'000	2009/10 R'000
Opening balance		58 495	105 476
Less: Amounts approved by Parliament/Legislature with funding		-	(42 573)
Less: Amounts transferred to receivables for recovery		-	(4 408)
Unauthorised expenditure awaiting authorisation / written off		58 495	58 495



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10.2 ANALYSIS OF UNAUTHORISED EXPENDITURE AWAITING AUTHORISATION PER ECONOMIC CLASSIFICATION

Current	58 495	58 495
Total	58 495	58 495

10.3 ANALYSIS OF UNAUTHORISED EXPENDITURE AWAITING AUTHORISATION PER TYPE

Unauthorised expenditure relating to overspending of the vote or a main division within a vote	58 495	58 495
Total	58 495	58 495

11 FRUITLESS AND WASTEFUL EXPENDITURE

11.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	389	30 700
Less: Amounts condoned	(389)	(30 311)
Current	(389)	(30 311)
Fruitless and wasteful expenditure awaiting condonement	-	389

11.2 ANALYSIS OF AWAITING CONDONEMENT PER ECONOMIC CLASSIFICATION

	Note	2010/11	2009/10
		R'000	R'000
Current			389
Total		-	389

12 CASH AND CASH EQUIVALENTS

Consolidated Paymaster General Account	555 621	372 158
Cash receipts	-	(67)
Disbursements	15	43
Cash on hand	269	190
Total	555 905	372 324

13 PREPAYMENTS AND ADVANCES

	Note	2010/11	2009/10
		R'000	R'000
Staff advances		1	1
Travel and subsistence		908	922
Prepayments		175 146	4 190
Total		176 055	5 113



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14 RECEIVABLES

	Note	2010/11			2009/10	
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	14.1 Annex 3	6 265	24	81 323	87 612	92 413
Recoverable expenditure	14.2	33 881	11 154	10 687	55 722	77 437
Staff debt	14.3	1 172	943	6 960	9 075	4 570
Total		41 318	12 121	98 970	152 409	174 420

14.1 CLAIMS RECOVERABLE

	Note	2010/11	2009/10
	14	R'000	R'000
National departments		81 443	92 336
Provincial departments		6 169	77
Total		87 612	92 413

14.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)

Disallowance	53 851	75 238
Private telephone	15	17
Salary Accounts	1 856	2 182
Total	55 722	77 437

14.3 STAFF DEBT

	Note	2010/11	2009/10
		R'000	R'000
Personnel debt		9 075	4 570
Total		9 075	4 570

15 VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2010/11	2009/10
		R'000	R'000
Opening balance		360 985	153 845
Transfer from statement of financial performance	<u>10</u>	849 263	360 981
Add: Unauthorised expenditure for current year	<u>1.1</u>	-	-
Paid during the year	<u>15.1</u>	(360 977)	(153 841)
Closing balance		849 271	360 985



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16 DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

Opening balance		4 542	1 691
Transfer from Statement of Financial Performance	15.1	40 042	39 592
Paid during the year		(38 466)	(36 741)
Closing balance		6 118	4 542

17 PAYABLES – CURRENT

Advances received	17.1	79 929	221 154
Clearing accounts	17.2	462	860
Other payables	17.3	3 523	21 790
Total		83 914	243 804

17.1 ADVANCES RECEIVED

	Note	2010/11 R'000	2009/10 R'000
National departments		67 033	210 666
Public Entities		12 896	10 488
Total		79 929	221 154

17.2 CLEARING ACCOUNTS

Description (Identify major categories, but list material amounts)		2010/11 R'000	2009/10 R'000
Salary Clearing Account		462	860
Total		462	860

17.3 OTHER PAYABLES

	Note	2010/11 R'000	2009/10 R'000
(Identify major categories, but list material amounts)			
Claims and other payables		2 028	8 082
EBT Rejection		255	-
Cancel Cheque/Reissue		9	-
Tender deposit		1 231	13 708
Total		3 523	21 790



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18 NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		889 305	400 573
Add back non cash/cash movements not deemed operating activities		631 623	1 085 368
(Increase)/decrease in receivables – current		22 011	26 002
(Increase)/decrease in prepayments and advances		(170 942)	(45)
(Increase)/decrease in other current assets		389	77 292
Increase/(decrease) in payables – current		(159 890)	(120 213)
Proceeds from sale of capital assets		(1 071)	(3 062)
Expenditure on capital assets		1 340 569	1 295 976
Surrenders to Revenue Fund		(399 443)	(190 582)
Net cash flow generated by operating activities		1 520 928	1 485 941

19 RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

Consolidated Paymaster General account	555 621	372 158
Cash receipts	-	(67)
Disbursements	15	43
Cash on hand	269	190
Total	555 905	372 324



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These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

20.1 CONTINGENT LIABILITIES

		<i>Note</i>	2010/11	2009/10
			R'000	R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	<i>Annex 2A</i>	283	979
Housing loan guarantees	Employees	<i>Annex 2A</i>	2 689	2 905
Other guarantees		<i>Annex 2A</i>	4 487	-
Claims against the department		<i>Annex 2B</i>	29 395	22 410
Other departments (interdepartmental unconfirmed balances)		<i>Annex 4</i>	55 846	61 822
Total			92 700	88 116

21 COMMITMENTS

Current expenditure		
Approved and contracted		2 724
		58 455
Capital expenditure		
Approved and contracted		1 977 305
		2 223 764
Total Commitments		1 980 029

Included in the amount of commitment is an amount of R2,2 billion relating to projects running under the PMTE on behalf of DPW. The projects are longer than one year. An amount of R1,9 billion was restated.

22 ACCRUALS

		2010/11	2009/10
		R'000	R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	68 106	2 777	70 883
Interest and rent on land	66	-	66
Transfers and subsidies	3 318	-	3 318
Capital assets	48 884	75	48 959
Other	469	-	469
Total	120 843	2 852	123 695



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		2010/11	2009/10
		R'000	R'000
Listed by programme level			
Programme 1		50 613	2 795
Programme 2		57 383	36 037
Programme 3		5 709	455
Programme 4		9 521	17
Special Programme		469	-
Total		123 695	39 304
Confirmed balances with other departments	<i>Annex 4</i>	51 412	164 204
Total		51 412	164 204

Included in accruals is an amount of R46 million for capital works running in the PMTE. The restated amount for prior year is R27 million for capital works. Special programme includes recoverable amount.

23 EMPLOYEE BENEFITS

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Leave entitlement		43 206	34 784
Service bonus (Thirteenth cheque)		29 510	26 828
Capped leave commitments		68 219	64 682
Other		1 727	580
Total		142 662	126 874

There are leave credits amounting to R1,703 million in the current financial year. The leave credits are caused by leave advances which are not accrued in the public service that are advanced to employees.

24 LEASE COMMITMENTS

24.1 OPERATING LEASES EXPENDITURE

2009/10	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	54 837	-	54 837
Later than 1 year and not later than 5 years	-	-	60 202	-	60 202
Total lease commitments	-	-	115 039	-	115 039

24.2 OPERATING LEASES EXPENDITURE

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	30 471	-	30 471
Later than 1 year and not later than 5 years	-	-	25 016	-	25 016
Total lease commitments	-	-	55 487	-	55 487



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24.3 FINANCE LEASES EXPENDITURE**

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	17 586	17 586
Later than 1 year and not later than 5 years	-	-	-	2 420	2 420
Total lease commitments	-	-	-	20 006	20 006
LESS: finance costs	-	-	-	2 031	2 031
Total present value of lease liabilities	-	-	-	17 975	17 975

2009/10	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	5 558	5 558
Later than 1 year and not later than 5 years	-	-	-	2 326	2 326
Total lease commitments	-	-	-	7 884	7 884
LESS: finance costs	-	-	-	87	87
Total present value of lease liabilities	-	-	-	7 797	7 797

**This note excludes leases relating to public private partnership as they are separately disclosed to note no.30.

The amounts of R3,5 million and R13,9 million for Finance costs and Finance lease respectively for prior year were restated. This was in respect of commitments for Phakisaworld for lease of motor vehicles which is a PPP and a finance lease at the same time. Leases relating to PPP are disclosed separately in the PPP note.

25 RECEIVABLES FOR DEPARTMENTAL REVENUE

	Note	2010/11	2009/10
		R'000	R'000
Other		8 513	7 470
Total		8 513	7 470

25.1 ANALYSIS OF RECEIVABLES FOR DEPARTMENTAL REVENUE

Opening balance	7 470	5 652
Less: amounts received	27 825	26 009
Add: amounts recognised	28 868	27 827
Closing balance	8 513	7 470



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26 IRREGULAR EXPENDITURE

26.1 RECONCILIATION OF IRREGULAR EXPENDITURE

Opening balance	30 809	3 407
Add: Irregular expenditure – relating to current year	1 396	27 402
Less: Amounts condoned	(5 939)	-
Irregular expenditure awaiting condonation	26 266	30 809

Analysis of awaiting condonation per age classification

Current year	8	27 402
Prior years	26 258	3 407
Total	26 266	30 809

26.2 DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
2 Quotations not obtained		1 268
Procurement through petty cash over R 2000		128
Total		1 396

26.3 DETAILS OF IRREGULAR EXPENDITURE CONDONED

Incident	Condoned by (condoning authority)	2010/11 R'000
Three quotations not obtained	Chief Financial Officer	2 205
Approver of payment not independent	Chief Financial Officer	150
Not approved per delegation	Chief Financial Officer	256
Procurement through petty over R2000	Chief Financial Officer	120
Over spending on compensation of employees		3 208
Total		5 939

27 FRUITLESS AND WASTEFUL EXPENDITURE

27.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2010/11 R'000	2009/10 R'000
Opening balance		-	-
Fruitless and wasteful expenditure – relating to current year		2	-
Less: Amounts transferred to receivables for recovery		(2)	-
Fruitless and wasteful expenditure awaiting condonement		-	-



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30 PUBLIC PRIVATE PARTNERSHIP

Contract fee paid	18 433	22 821
Indexed component	18 433	22 821
Analysis of indexed component	18 433	22 821
Goods and services (excluding lease payments)	17 405	19 859
Interest	1 028	2 962

Any guarantees issued by the department are disclosed in Note 20.1

The Department is participating in a PPP between Phakisaworld and Department of Transport for the lease of vehicles. The contract was for a period of five years and expires in 2011.

31 IMPAIRMENT AND OTHER PROVISIONS

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Other provisions			
Staff debtors		6 958	3 413
Recoverable expenditure		10 687	26 583
Claims		81 323	91 970
Performance awards		16 691	-
Total		115 659	121 966

32 MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	6 232	(2 947)	-	810	2 475
Heritage assets	6 232	(2 947)	-	810	2 475
MACHINERY AND EQUIPMENT	249 355	(22 897)	76 442	31 486	271 414
Transport assets	2 255	19	1 774	504	3 544
Computer equipment	63 502	(12 956)	9 558	5 699	54 405
Furniture and office equipment	159 228	(5 959)	49 354	19 685	182 938
Other machinery and equipment	24 370	(4 001)	15 756	5 598	30 527
Total MOVABLE TANGIBLE CAPITAL ASSETS	255 587	(25 844)	76 442	32 296	273 889



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Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	82 480	22 389	(29 000)	573	76 442
Transport assets	1 774	-	-	-	1 774
Computer equipment	6 768	2 767	-	23	9 558
Furniture and office equipment	36 111	14 469	(1 549)	323	49 354
Other machinery and equipment	37 827	5 153	(27 451)	227	15 756
Total ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	82 480	22 389	(29 000)	573	76 442

Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	810	810	-
Heritage assets	-	810	810	-
MACHINERY AND EQUIPMENT	-	31 486	31 486	-
Transport assets	-	504	504	-
Computer equipment	-	5 699	5 699	-
Furniture and office equipment	-	19 685	19 685	-
Other machinery and equipment	-	5 598	5 598	-
Total DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	32 296	32 296	-

Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	6 025	207	-	6 232
Heritage assets	6 025	207	-	6 232
MACHINERY AND EQUIPMENT	205 559	44 559	763	249 355
Transport assets	1 767	488	-	2 255
Computer equipment	51 442	12 169	109	63 502
Furniture and office equipment	132 708	27 004	484	159 228
Other machinery and equipment	19 642	4 898	170	24 370
Total MOVABLE TANGIBLE ASSETS	211 584	44 766	763	255 587



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Minor assets

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2011						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Minor assets						
Opening balance	-	76	782	158 099	6	158 963
Total	-	76	782	158 099	6	158 963

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	2	746	42 871	-	43 619
Number of minor assets at cost	-	12	490	135 174	-	135 676
Total NUMBER OF MINOR ASSETS	-	14	1 236	178 045	-	179 295

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Minor assets	-	76	782	158 099	6	158 963
Total	-	76	782	158 099	6	158 963

33 INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011						
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	74 046	(32 119)	2 591	279	44 239	
OTHER INTANGIBLES	-	-	500	-	500	
Total INTANGIBLE CAPITAL ASSETS	74 046	(32 119)	3 091	279	44 739	

Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011						
	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total	
	R'000	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	1 717	874	-	-	2 591	
OTHER INTANGIBLES	500	-	-	-	500	
Total ADDITIONS TO INTANGIBLE CAPITAL ASSETS	2 217	874	-	-	3 091	



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Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	-	279	279	-
Total DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	279	279	-

Movement for 2009/10

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	72 857	1 189	-	74 046
Total INTANGIBLE CAPITAL ASSETS	72 857	1 189	-	74 046

34 IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	2 192 382		1 247 580	-	3 439 962
Dwellings	231 061	-	271 848	-	502 909
Non-residential buildings	1 960 760	-	975 732	-	2 936 492
Other fixed structures	561	-	-	-	561
HERITAGE ASSETS			4 547	-	4 547
Heritage assets	-	-	4 547	-	4 547
LAND AND SUBSOIL ASSETS	45 626	13 590	13 139	18 117	54 238
Land	45 626	13 590	13 139	18 117	54 238
Total IMMOVABLE TANGIBLE CAPITAL ASSETS	2 238 008	13 590	1 265 266	18 117	3 498 747

Although the immovable assets are in the Department of Public Works, revenue (accommodation charges) is reflected in The Property Management Trading Entity (PMTE) in line with the ENE.



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Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	1 348 021	-	(100 441)	-	1 247 580
Dwellings	372 289	-	(100 441)	-	271 848
Non-residential buildings	975 732	-	-	-	975 732
HERITAGE ASSETS	4 547	-	-	-	4 547
Heritage assets	4 547	-	-	-	4 547
LAND AND SUBSOIL ASSETS	13 533	-	(394)	-	13 139
Land	13 533	-	(394)	-	13 139
Mineral and similar non-regenerative resources	-	-	-	-	-
Total ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	1 366 101	-	(100 835)	-	1 265 266

Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
LAND AND SUBSOIL ASSETS	13 597	4 520	18 117	1 063
Land	13 597	4 520	18 117	1 063
Total DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	13 597	4 520	18 117	1 063

Movement for 2009/10

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	2 024 440	167 942	-	2 192 382
Dwellings	160 660	70 401	-	231 061
Non-residential buildings	1 863 780	96 980	-	1 960 760
Other fixed structures	-	561	-	561
LAND AND SUBSOIL ASSETS	36 053	13 801	4 228	45 626
Land	36 053	13 801	4 228	45 626
Total IMMOVABLE TANGIBLE ASSETS	2 060 493	181 743	4 228	2 238 008



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Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2011					
	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Investment property	Total
	R'000	R'000	R'000	R'000	R'000
R1 Immovable assets	73 398	-	35 895	-	109 293
Total	73 398	-	35 895	-	109 293

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2010					
	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Investment property	Total
	R'000	R'000	R'000	R'000	R'000
R1 Immovable assets	75 247	-	36 257	-	111 504
Total	75 247	-	36 257	-	111 504

NARRATIVE ON THE STATUS QUO OF DPW'S IMMOVABLE ASSET REGISTER (AR): 2010/11 (11 MAY 2011)

1. DPW's Immovable Asset Register (AR) comprises of 35 895 land parcels and 73 398 buildings & structures that vests in the national government and are under the custodianship of DPW, and those which are not vested in the name of the province or where custodial powers have not been assigned to another national department in terms of section 4 of GIAMA as at 31 March 2011. The Immovable Assets mentioned above include Defence Endowment Properties that are utilised by Department of Defence and Military Veterans and other user departments, where the department performs custodial functions. The disposal of endowment properties will be conducted in terms of section 3 of the Defence Endowment Property and Account Act.

2. The department restated an accumulated R8,3 billion (prior years) for state properties which was spent for repairs & maintenance and acquisitions at R1, included in R8,3 billion was an amount of R2,2 billion restated as opening balance at cost for properties that were acquired by means of purchases and completed construction between 01 April 2002 to 31 March 2009. The department concluded that to disclose capital expenditure for properties at R1 will not represent fair disclosure of assets unless we value all properties. The amount of R3,4 billion disclosed reflects fair disclosure for only properties acquired between 1 April 2002 and 31 March 2011. The department is disclosing properties at cost for the first time to ensure fair disclosure. The PMTE spent R2 billion for the year 2010/2011 for maintenance of state properties under the custodian of the department.

3. The variance between the opening and closing balances (Table A below) of data on the AR as a result of the following:
 - The extraction consists of Freehold (State-Owned) which are current only
 - All properties are national only
 - Exclude dummy complexes
 - Exclude properties created after 31 March 2011
 - Exclude region 999 (closed properties/reversal clauses)



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Table A

	Opening balance @ 01 Apr 2010	Additions	Disposal (Archived)	Closing balance @ 31 March 2011
Land parcels	36 257	N/A	(362)	35 895
Dwellings	33 233	N/A	(177)	33 056
Non-dwellings	42 014	N/A	(1672)	40 342
Total	111 504	N/A	(2211)	109 293

4. Properties in the AR continue to be valued at R1.00 and cost each in line with the accounting policy issued by National Treasury. In order to comply with prescribed accounting standards, the Department together with the CSIR, investigated appropriate methodologies for valuing the immovable asset portfolio under its custodianship. Three methodologies were indentified, namely: Depreciated Replacement Cost, Income Capitalization, and Sales Comparison methods to be used in accordance with the nature of the immovable asset being evaluated. Further interrogation is being undertaken to determine acceptability, accessibility, user friendliness and integration with DPW's Asset Register.

The recommended methodology, once reviewed and approved, will be applied on an annual basis to determine the book value of immovable assets in the AR and be rolled out to provincial custodians.

5. DPW and the Department of Rural Development and Land Reform initiated bilateral in 2009/10 financial year and established a National Vesting Task Team, including the provinces. The process contributes to the completeness and accuracy of figures of properties disclosed on Annual Financial Statements.
6. The Department is continuously working to improve the accuracy and completeness of information in its AR. In addition, DPW and other custodians have revised the guideline on Asset Register to align with asset management best practice and comply with the latest financial reporting requirements. The revised guideline document will be presented to the Accountant General for support.

The Department will operationalise the strategy on identifying state-owned immovable assets that are presumed to still be unaccounted for in 2011/12 financial year.

35 STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES



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NAME OF PROVINCE/GRANT	GRANT ALLOCATION			TRANSFER			SPENT			2009/10 R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount received by department R'000	Amount spent by department R'000		% of available funds spent by department %
Gauteng	196 481	-	103 076	299 557	299 557	-	-	299 557	213 336	71%	401 099
Limpopo	25 291	-	-	25 291	25 291	-	-	25 291	13 730	54%	19 717
Northern Cape	32 314	-	9 902	42 216	42 216	-	-	42 216	37 060	88%	37 798
Mpumalanga	53 614	-	13 241	66 855	66 855	-	-	66 855	57 615	86%	65 384
North West	79 822	-	7 272	87 094	87 094	-	-	87 094	79 990	92%	73 968
Western Cape	182 539	-	83 111	265 650	265 650	-	-	265 650	264 700	100%	269 364
Free State	159 150	-	68 228	227 378	227 378	-	-	227 378	222 375	98%	208 112
Eastern Cape	158 351	-	34 205	192 556	192 556	-	-	192 556	-	-	240 326
Kwa-Zulu Natal	265 267	-	450 000	715 267	715 267	-	-	715 267	446 709	62%	321 562
	1 152 829	-	769 035	1 921 864	1 921 864	-	-	1 921 864	1 335 515	-	1 637 330



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STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION			TRANSFER		SPENT			2009/10 Division of Revenue Act R'000
	Amount R'000	Roll Overs R'000	Other Adjustments R'000	Total Available R'000	Actual Transfer R'000	Available funds Transferred %	Amount received by department R'000	Amount spent by department R'000	
Eastern Cape	60 354	-	-	60 354	25 136	42%	-	-	-
Free State	13 767	-	-	13 767	2 379	17%	-	-	-
Gauteng	39 154	-	-	39 154	2 498	6%	-	-	-
KwaZulu-Natal	169 470	-	-	169 470	135 612	80%	-	-	-
Limpopo	2 903	-	-	2 903	6 789	234%	-	-	-
Mpumalanga	18 074	-	-	18 074	8 293	46%	-	-	-
Northern Cape	1 167	-	-	1 167	-	-	-	-	-
North West	2 897	-	-	2 897	-	-	-	-	-
Western Cape	23 218	-	-	23 218	1 700	7%	-	-	-
	331 004	-	-	331 004	182 407		-	-	-



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37 STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Nelson Mandela	8 492	-	-	8 492	2 723	-	-
Camdeboo	580	-	-	580	-	-	-
Baviaans	580	-	-	580	624	-	-
Kouga	580	-	-	580	339	-	-
Amahlathi	580	-	-	580	-	-	-
Buffalo City	1 433	-	-	1 433	-	-	-
Amatole District Municipality	13 724	-	-	13 724	5 330	-	-
Tsolwana	1 486	-	-	1 486	366	-	-
Lukhanji	913	-	-	913	619	-	-
Intsika Yethu	994	-	-	994	117	-	-
Emalahleni (Eastern Cape)	1 318	-	-	1 318	997	-	-
Engcobo	580	-	-	580	-	-	-
Sakhisizwe	662	-	-	662	601	-	-
Chris Hani District Municipality	19 013	-	-	19 013	7 463	-	-
Sengu	580	-	-	580	-	-	-
Ukhahlamba District Municipality	6 062	-	-	6 062	340	-	-
Ntabankulu	580	-	-	580	-	-	-
Qaukeni (formerly iNgquza Hill)	333	-	-	333	2 018	-	-
Port St Johns	580	-	-	580	134	-	-
Mhlontlo	580	-	-	580	-	-	-
King Sabata Dalindyebo	580	-	-	580	-	-	-
OR Thambo District Municipality	1 946	-	-	1 946	-	-	-
Umzimvubu	580	-	-	580	-	-	-
Matatiele	580	-	-	580	-	-	-
Alfred Nzo District Municipality	34 470	-	-	34 470	-	-	-
Naledi	580	-	-	580	-	-	-
Mangaung	7 359	-	-	7 359	-	-	-
Matjhabeng	3 705	-	-	3 705	-	-	-
Maluti-a-Phofung	9 381	-	-	9 381	-	-	-
Thabo Mofutsanyana District Municipality	914	-	-	914	-	-	-
Moqhaka	1 304	-	-	1 304	-	-	-
Fezile Dabi district Municipality	580	-	-	580	-	-	-
Motheo District Municipality	580	-	-	580	-	-	-
Lejweleputwa District Municipality	580	-	-	580	-	-	-
Setsoto	6 417	-	-	6 417	-	-	-
Ekurhuleni	1 433	-	-	1 433	-	-	-
City of Johannesburg	141 486	-	-	141 486	-	-	-
City of Tshwane	5 809	-	-	5 809	-	-	-
Nokeng tsa Taemane	580	-	-	580	-	-	-
Kungwini	580	-	-	580	-	-	-
Emfuleni	7 500	-	-	7 500	-	-	-



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NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Mogale City	890	-	-	890	72	-	-
Randfontein	1 573	-	-	1 573	-	-	-
Westonaria	4 616	-	-	4 616	360	-	-
West rand district municipality	580	-	-	580	-	-	-
eThekweni	60 258	-	-	60 258	41 460	-	-
Hibiscus coast	580	-	-	580	-	-	-
Ugu district Municipality	1 377	-	-	1 377	-	-	-
Msunduzi	1 433	-	-	1 433	-	-	-
Uthukela District Municipality	9 543	-	-	9 543	15	-	-
Umzinyathi District Municipality	3 567	-	-	3 567	290	-	-
New Castle	580	-	-	580	641	-	-
Amajuba District Municipality	8 025	-	-	8 025	339	-	-
Zululand District Municipality	1 470	-	-	1 470	1 270	-	-
Umkhanyakude District Municipality	23 394	-	-	23 394	17	-	-
uThungulu District Municipality	6 562	-	-	6 562	1 748	-	-
iLembe District Municipality	6 245	-	-	6 245	93	-	-
Sisonke District Municipality	580	-	-	580	45	-	-
MakhuduTthamaga	580	-	-	580	67	-	-
Elia Motswaledi	2 194	-	-	2 194	330	-	-
Greater Tubatsi	580	-	-	580	-	-	-
Greater Sekhukhune District Municipality	16 305	-	-	16 305	2 755	-	-
Greater Letaba	1 905	-	-	1 905	660	-	-
Greater Tzaneen	580	-	-	580	-	-	-
Maruleng	580	-	-	580	97	-	-
Mopani District Municipality	6 479	-	-	6 479	1 497	-	-
Mutale	1 544	-	-	1 544	-	-	-
Thulamela	1 842	-	-	1 842	-	-	-
Makhado	913	-	-	913	-	-	-
Vhembe District Municipality	4 423	-	-	4 423	4 012	-	-
Polokwane	7 035	-	-	7 035	5 253	-	-
Lepelle Nkumpi	580	-	-	580	200	-	-
Capricorn District Municipality	5 762	-	-	5 762	4 302	-	-
Lephalale	2 051	-	-	2 051	1 568	-	-
Mogalakwena	1 089	-	-	1 089	1 573	-	-
Waterberg District Municipality	913	-	-	913	659	-	-
Albert Lethuli	580	-	-	580	-	-	-
Mkhondo	580	-	-	580	-	-	-
Pixley Ka Seme	12 765	-	-	12 765	90	-	-
Lekwa	580	-	-	580	-	-	-
Dipaleseng	580	-	-	580	-	-	-
Govan Mbeki	1 822	-	-	1 822	232	-	-
Gert Sibande District Municipality	5 095	-	-	5 095	21	-	-
Emalahleni (Mpumalanga)	913	-	-	913	118	-	-



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NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Steve Tshwete	580	-	-	580	56	-	-
Thembisile	580	-	-	580	547	-	-
Dr JS Moroka	1 647	-	-	1 647	-	-	-
Nkangala District Municipality	4 725	-	-	4 725	506	-	-
Thaba chweu	580	-	-	580	-	-	-
Mbombela	3 974	-	-	3 974	534	-	-
Umjindi	333	-	-	333	626	-	-
Ngomazi	580	-	-	580	-	-	-
Bushbuckridge	1 374	-	-	1 374	274	-	-
Ga- Segonyana	580	-	-	580	-	-	-
Kgalagadi District Municipality (John Taolo Gaetsewe District Municipality)	8 768	-	-	8 768	65	-	-
Namakwa District Municipality	7 518	-	-	7 518	206	-	-
Renosterburg	580	-	-	580	-	-	-
Siyathemba	580	-	-	580	-	-	-
Siyanda District Municipality	11 490	-	-	11 490	281	-	-
Sol Plaatje	12 338	-	-	12 338	3 023	-	-
Frances Baard District Municipality	8 545	-	-	8 545	32	-	-
Moretele	580	-	-	580	1 217	-	-
Madibeng	2 588	-	-	2 588	1 164	-	-
Rustenburg	9 281	-	-	9 281	5 757	-	-
Moses Kotane	913	-	-	913	-	-	-
Bojanala Platinum District Municipality	913	-	-	913	1 029	-	-
Ratlou	580	-	-	580	-	-	-
Tswaing	580	-	-	580	-	-	-
Mafikeng	580	-	-	580	113	-	-
Ditsobotla	580	-	-	580	170	-	-
Ramotshera Moilwa	580	-	-	580	-	-	-
Ngaka Modiri Molema (Central District)	1 854	-	-	1 854	672	-	-
Greater Taung	580	-	-	580	-	-	-
Dr. Ruth Segomotsi Mompati (Bophirima)	3 785	-	-	3 785	3 736	-	-
Ventersdorp	580	-	-	580	56	-	-
Tlokwe	580	-	-	580	224	-	-
City of Matlosana	7 865	-	-	7 865	2 587	-	-
Maquassi Hills	580	-	-	580	404	-	-
Merafong City	3 050	-	-	3 050	2 293	-	-
City of Cape Town	19 263	-	-	19 263	3	-	-
Theewaterskloof	2 174	-	-	2 174	1 248	-	-
Mossel Bay	913	-	-	913	223	-	-
George	1 942	-	-	1 942	16	-	-
Oudtshoorn	913	-	-	913	779	-	-
Knysna	333	-	-	333	-	-	-
Eden District Municipality	500	-	-	500	-	-	-
	622 996	-	-	622 996	279 622	-	-



DEPARTMENT OF PUBLIC WORKS
 VOTE 6
 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2011

38 WORLD CUP EXPENDITURE

Purchase of world cup apparel	2010/11		2009/10
	Quantity	R'000	R'000
<i>Specify the nature of the purchase (e.g. t-shirts, caps, etc.)</i>	-	-	-
<i>T-Shirts</i>	-	-	167
<i>Please specify</i>	-	-	-
Total	-	-	167
Total world cup expenditure	-	-	167

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT		2009/10 R'000		
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount received by municipality R'000		Amount spent by municipality R'000	% of available funds spent by municipality %
Nelson Mandela	8 492	-	-	8 492	2 723	-	-	2 723	-	-	334
Camdeboo	580	-	-	580	-	-	-	-	-	-	-
Baviaans	580	-	-	580	624	-	-	624	-	-	-
Kouga	580	-	-	580	339	-	-	339	-	-	-
Amahlathi	580	-	-	580	-	-	-	-	-	-	-
Buffalo City	1 433	-	-	1 433	-	-	-	-	-	-	333
Amatole District Municipality	13 724	-	-	13 724	5 330	-	-	5 330	-	-	8 301
Tsolwana	1 486	-	-	1 486	366	-	-	366	-	-	1 486
Lukhanji	913	-	-	913	619	-	-	619	-	-	333
Intsika Yethu	994	-	-	994	117	-	-	117	-	-	414
Emalahleni (Eastern Cape)	1 318	-	-	1 318	997	-	-	997	-	-	738
Engcobo	580	-	-	580	-	-	-	-	-	-	-
Sakhisizwe	662	-	-	662	601	-	-	601	-	-	662
Chris Hani District Municipality	19 013	-	-	19 013	7 463	-	-	7 463	-	-	7 949
Sengu	580	-	-	580	-	-	-	-	-	-	-
Ukhahlamba District Municipality	6 062	-	-	6 062	340	-	-	340	-	-	3 878
Ntabankulu	580	-	-	580	-	-	-	-	-	-	-
Qaukeni (formerly Ingquza Hill)	333	-	-	333	2 018	-	-	2 018	-	-	333
Port St Johns	580	-	-	580	134	-	-	134	-	-	-
Mhlontlo	580	-	-	580	-	-	-	-	-	-	-
King Sabata Dalindyebo	580	-	-	580	-	-	-	-	-	-	-
OR Thambo District Municipality	1 946	-	-	1 946	-	-	-	-	-	-	-
Umzimvubu	580	-	-	580	-	-	-	-	-	-	-
Matatiele	580	-	-	580	-	-	-	-	-	-	-
Alfred Nzo District Municipality	34 470	-	-	34 470	10 620	-	-	10 620	-	-	28 798
Naledi	580	-	-	580	593	-	-	593	-	-	-

DEPARTMENT OF PUBLIC WORKS
VOTE 6
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011





NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2009/10 R'000	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality		% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Mangaung	7 359	-	-	7 359	-	-	-	-	-	-	3 178
Matjhabeng	3 705	-	-	3 705	45	-	-	45	-	-	869
Maluti-a-Phofung	9 381	-	-	9 381	3 813	-	-	3 813	-	-	4 692
Thabo Mofutsanyana District Municipality	914	-	-	914	266	-	-	266	-	-	334
Mogohaka	1 304	-	-	1 304	1 216	-	-	1 216	-	-	-
Fezile Dabi district Municipality	580	-	-	580	111	-	-	111	-	-	-
Motheo District Municipality	580	-	-	580	-	-	-	-	-	-	-
Lejweleputwa District Municipality	580	-	-	580	26	-	-	26	-	-	-
Setso	6 417	-	-	6 417	-	-	-	-	-	-	-
Ekurhuleni	1 433	-	-	1 433	12 986	-	-	12 986	-	-	333
City of Johannesburg	141 486	-	-	141 486	130 400	-	-	130 400	-	-	32 863
City of Tshwane	5 809	-	-	5 809	-	-	-	-	-	-	333
Nokeng tsa Taemane	580	-	-	580	-	-	-	-	-	-	-
Kungwini	580	-	-	580	246	-	-	246	-	-	-
Emfuleni	7 500	-	-	7 500	-	-	-	-	-	-	856
Mogale City	890	-	-	890	72	-	-	72	-	-	-
Randfontein	1 573	-	-	1 573	-	-	-	-	-	-	-
Westonaria	4 616	-	-	4 616	360	-	-	360	-	-	497
West rand district municipality	580	-	-	580	-	-	-	-	-	-	-
eThekweni	60 258	-	-	60 258	41 460	-	-	41 460	-	-	16 761
Hibiscus coast	580	-	-	580	-	-	-	-	-	-	-
Ugu district Municipality	1 377	-	-	1 377	-	-	-	-	-	-	-
Msunduzi	1 433	-	-	1 433	-	-	-	-	-	-	333
Uthukela District Municipality	9 543	-	-	9 543	15	-	-	15	-	-	1 904
Umzinyathi District Municipality	3 567	-	-	3 567	290	-	-	290	-	-	2 222
New Castle	580	-	-	580	641	-	-	641	-	-	-
Amajuba District Municipality	8 025	-	-	8 025	339	-	-	339	-	-	-
Zululand District Municipality	1 470	-	-	1 470	1 270	-	-	1 270	-	-	890
Umkhanyakude District Municipality	23 394	-	-	23 394	17	-	-	17	-	-	7 321



NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER				SPENT			2009/10 R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	
uThungulu District Municipality	6 562	-	-	6 562	1 748	-	-	1 748	1 748	-	2 712
iLembe District Municipality	6 245	-	-	6 245	93	-	-	93	93	-	7 445
Sisonke District Municipality	580	-	-	580	45	-	-	45	45	-	386
MakhuduThamaga	580	-	-	580	67	-	-	67	67	-	-
Ela Motswaledi	2 194	-	-	2 194	330	-	-	330	330	-	-
Greater Tubatsi	580	-	-	580	-	-	-	-	-	-	-
Greater Sekhukhune District Municipality	16 305	-	-	16 305	2 755	-	-	2 755	2 755	-	6 741
Greater Letaba	1 905	-	-	1 905	660	-	-	660	660	-	333
Greater Tzaneen	580	-	-	580	-	-	-	-	-	-	-
Maruleng	580	-	-	580	97	-	-	97	97	-	-
Mopani District Municipality	6 479	-	-	6 479	1 497	-	-	1 497	1 497	-	435
Mutale	1 544	-	-	1 544	-	-	-	-	-	-	-
Thulamela	1 842	-	-	1 842	-	-	-	-	-	-	-
Makhado	913	-	-	913	-	-	-	-	-	-	333
Vhembe District Municipality	4 423	-	-	4 423	4 012	-	-	4 012	4 012	-	2 332
Polokwane	7 035	-	-	7 035	5 253	-	-	5 253	5 253	-	2 325
Lepelle Nkumpi	580	-	-	580	200	-	-	200	200	-	-
Capricorn District Municipality	5 762	-	-	5 762	4 302	-	-	4 302	4 302	-	4 830
Lephalale	2 051	-	-	2 051	1 568	-	-	1 568	1 568	-	333
Mogalakwena	1 089	-	-	1 089	1 573	-	-	1 573	1 573	-	333
Waterberg District Municipality	913	-	-	913	659	-	-	659	659	-	333
Albert Lethuli	580	-	-	580	-	-	-	-	-	-	-
Mkhondo	580	-	-	580	-	-	-	-	-	-	-
Pixley Ka Seme	12 765	-	-	12 765	90	-	-	90	90	-	4 080
Lekwa	580	-	-	580	-	-	-	-	-	-	-
Dipaleseng	580	-	-	580	-	-	-	-	-	-	-
Govan Mbeki	1 822	-	-	1 822	232	-	-	232	232	-	662
Gert Sibande District Municipality	5 095	-	-	5 095	21	-	-	21	21	-	2 214
Emalahleni (Mpumalanga)	913	-	-	913	118	-	-	118	118	-	333



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT			2009/10 R'000
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Steve Tshwete	580	-	-	580	56	-	-	56	-	-	-	-
Thembisile	580	-	-	580	547	-	-	547	-	-	-	-
Dr JS Moroka	1 647	-	-	1 647	-	-	-	-	-	-	333	-
Nkangala District Municipality	4 725	-	-	4 725	506	-	-	506	-	-	2 138	-
Thaba chweu	580	-	-	580	-	-	-	-	-	-	-	-
Mbombela	3 974	-	-	3 974	534	-	-	534	-	-	2 567	-
Umjindi	333	-	-	333	626	-	-	626	-	-	333	-
Ngomazi	580	-	-	580	-	-	-	-	-	-	-	-
Bushbuckridge	1 374	-	-	1 374	274	-	-	274	-	-	794	-
Ga- Segonyana	580	-	-	580	-	-	-	-	-	-	-	-
Kgalagadi District Municipality (John Taolo Gaetsewe District Municipality)	8 768	-	-	8 768	65	-	-	65	-	-	2 334	-
Namakwa District Municipality	7 518	-	-	7 518	206	-	-	206	-	-	3 662	-
Renosterburg	580	-	-	580	-	-	-	-	-	-	-	-
Siyathemba	580	-	-	580	-	-	-	-	-	-	-	-
Siyanda District Municipality	11 490	-	-	11 490	281	-	-	281	-	-	3 365	-
Sol Plaatje	12 338	-	-	12 338	3 023	-	-	3 023	-	-	3 523	-
Frances Baard District Municipality	8 545	-	-	8 545	32	-	-	32	-	-	2 612	-
Moretele	580	-	-	580	1 217	-	-	1 217	-	-	-	-
Madibeng	2 588	-	-	2 588	1 164	-	-	1 164	-	-	-	-
Rustenburg	9 281	-	-	9 281	5 757	-	-	5 757	-	-	4 520	-
Moses Kotane	913	-	-	913	-	-	-	-	-	-	333	-
Bojanala Platinum District Municipality	913	-	-	913	1 029	-	-	1 029	-	-	333	-
Ratlou	580	-	-	580	-	-	-	-	-	-	-	-
Tswaing	580	-	-	580	-	-	-	-	-	-	-	-
Mafikeng	580	-	-	580	113	-	-	113	-	-	-	-
Ditsobotla	580	-	-	580	170	-	-	170	-	-	-	-
Ramotshera Moliwa	580	-	-	580	-	-	-	-	-	-	-	-
Ngaka Modiri Molema (Central District)	1 854	-	-	1 854	672	-	-	672	-	-	333	-
Greater Taung	580	-	-	580	-	-	-	-	-	-	-	-



NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2009/10 R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Dr. Ruth Segomotsi Mompati (Bophirima)	3 785	-	-	3 785	3 736	-	-	3 736	-	-	1 477
Ventersdorp	580	-	-	580	56	-	-	56	-	-	-
Tlokwe	580	-	-	580	224	-	-	224	-	-	-
City of Matlosana	7 865	-	-	7 865	2 587	-	-	2 587	-	-	1 904
Maquassi Hills	580	-	-	580	404	-	-	404	-	-	-
Merafong City	3 050	-	-	3 050	2 293	-	-	2 293	-	-	794
City of Cape Town	19 263	-	-	19 263	-	-	-	-	-	-	3 423
Theewaterskloof	2 174	-	-	2 174	1 248	-	-	1 248	-	-	1 594
Mossel Bay	913	-	-	913	224	-	-	224	-	-	333
George	1 942	-	-	1 942	16	-	-	16	-	-	773
Oudtshoorn	913	-	-	913	779	-	-	779	-	-	333
Knysna	333	-	-	333	-	-	-	-	-	-	333
Eden District Municipality	500	-	-	500	-	-	-	-	-	-	500
	622 996	-	-	622 996	279 616	-	-	279 616	-	-	201 749

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2009/10 Total Available R'000
	Amount R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	
Mangaung	-	-	7	7	7	100%	-	-	-	1
	-	-	7	7	7		-	-	-	1



ANNEXURE 1C

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2009/10	
	Adjusted appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Appropriation Act R'000
Construction Industry Development Board	63 665	-	-	63 665	63 665	100%	59 269
Council for Built Environment	25 527	-	-	25 527	25 527	100%	24 155
Property Management Trading Entity	612 967	-	-	612 967	612 967	100%	588 411
Parliament Village Management Board	6 982	-	-	6 982	6 982	100%	6 607
Construction SETA	2 341	-	-	2 341	1 201	51%	1 807
	711 482	-	-	711 482	710 342	-	680 249



ANNEXURE 1D STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2009/10
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Capital R'000	Current R'000	Appropriation Act R'000
Public Corporations	-	-	-	-	-	-	-	-	-
Public Corporation and Private Enterprises	-	-	-	-	-	-	-	-	14 843
Total	-	-	-	-	-	-	-	-	14 843



ANNEXURE 1E STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
Commonwealth War Graves	17 467	-	(1 139)	16 328	13 863	85%	14 774
Total	17 467	-	(1 139)	16 328	13 863	-	14 774



ANNEXURE 1F STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Appropriation Act R'000
Transfers							
Non State Sector (IDT)	179 811	-	-	179 811	179 811	100%	40 500
Community Works Programme (IDT)	-	-	-	-	-	-	91 000
Trade and Industry Programme (IDT)	-	-	-	-	-	-	58 500
Agreement South Africa	-	-	8 982	8 982	8 982	100%	8 554
Total	179 811	-	8 982	188 793	188 793	-	198 554



ANNEXURE 1G STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Appropriation Act R'000
Transfers							
HOUSEHOLDS							
	3 506	-	1 144	4 650	5 577	120%	5 125
Total	3 506	-	1 144	4 650	5 577		5 125





ANNEXURE 1H STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11	2009/10
		R'000	R'000
Received in cash			
Motsa Interiors	Donations for Prestige Team building	1	-
Mosebetsi	Donations for Prestige Team building	-	-
Isfahan	Donations for Prestige Team building	1	-
Posh Curtains	Donations for Prestige Team building	-	-
Classic Rivals	Donations for Prestige Team building	1	-
Wunders	Donations for Prestige Team building	1	-
SubTotal		4	-
Received in kind			
Kasus	Cakes donated for Prestige Team building session	-	-
Total		4	-



ANNEXURE 11

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2010/11	2009/10
	R'000	R'000
Paid in cash		
Sponsorship-CIDB (Women in construction excellence awards)	-	90
Sponsorship-Qoga Junior Secondary School (Support for Nelson Mandela Week)	73	-
Total	73	90

ANNEXURE 2A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
STD Bank Vehicle	Motor vehicles	-	979	-	696	-	283	-	-
	SubTotal	-	979	-	696	-	283	-	-
Standard Bank	Housing		461		64		397		
Nedbank (Cape O)			36				36		
Nedbank Limited			212				212		
Firststrand Bank			449		54		395		
ABSA			1 017		122		895		
Unique Finance			11				11		
Old mutual			17				17		
Peoples Bank			82		21		61		
Nedbank LTD(NBS)			84				84		
FNB - Former SA			81		12		69		
Old Mut (Nedbank			403		8		395		
Ithala Limited			18		18		-		
VBS Mutual Bank			15				15		
NHFC (Masikheni			19				19		
NIP DevelopCor			-	83			83		
	SubTotal	-	2 905	83	299	-	2 689	-	-
	Other		-				-		
	Hosting of UJA conference in Durban in 2014	5 225	5 225		738		4 487		
	Total	5 225	9 109	83	1 733	-	7 459	-	-



ANNEXURE 2B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance	Liabilities incurred	Liabilities paid/	Liabilities	Closing
	1 April 2010	during the year	cancelled/reduced	recoverable (Provide	Balance
	R'000	R'000	during the year	details hereunder)	31 March 2011
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Era properties Payment for tenant installations	1 149		1 149	-	-
New York International In. Payment for goods supplies	588		588	-	-
TA Kousiakis Claims for damages - property	25		25	-	-
P G Roos Claim for damages: motor vehicle	6		6	-	-
Ertec (Pty) Ltd -Claim for services rendered & material supplied	369		369	-	-
African Contractors Finance -Claim for direct payment (bank not to proceed with claim. Matter finalised)	-197		-197	-	-
W Prins -Damages	100		100	-	-
Scarlett Property -Wrongful application of penalties	665		665	-	-
Brenbar CC -Outstanding payment	98		98	-	-
Petronet -Damages claim	6 048		-	-	6 048
Contradev CC -Repairs to residential units	2 398		2 398	-	-
Balakraishnan -Claim for damages	810		810	-	-
Midvaal Local Municipality -Claim for arrear rates and taxes	1 062		1 062	-	-
Monica ntombifuthi Ntshangase Short payment of remuneration	35		35	-	-
Ian Deetlefs -Non payment of water and electricity	60		60	-	-
P S Maluleke Claim for defamation and pain and suffering	500		500	-	-
Merchant West Asset -Claim for arrears on lease of a photocopier	110		110	-	-
ME Ethwar -Services rendered	227		227	-	-
J C Vander Goot: Claim foe services rendered	58		58	-	-
EAGLE VALLEY: Damages for holding over	32		32	-	-
CIRVE INVESTMENT: ARREAR RENTAL	30		30	-	-
KOVACS INVESTMENT : Arrear rental	112		112	-	-
JAVA CAPITALS: Arrear rentals	888		888	-	-
APEXHI PRPOERTIES:ARREAR RENTALS	419		-	-	419
JOB MUNYAI: Claim for rental	55		55	-	-
GOVERNMRNT EMPLOYEE: Arrear rentals	1 153		1 153	-	-
PUBLIC INVESTMENT CORP:Arrear rentals	2 641		2 641	-	-



Nature of Liability	Opening Balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
GOVERNMENT EMPLOYEE: Arrear rentals	1 517	-	1 517	-	-
COMMUNITY PROPERTY: Arrear rentals	407	-	407	-	-
Grant McIntosh: Claim for services rendered valuation	45	-	-	-	45
CJ Coetzer: claim for damages caused by fire	17	17 365	-	-	17 382
Escom holdings: arrear rentals	80	-	80	-	-
New ERA Packing : electricity and rates	6	-	6	-	-
NEETHLING: arrear rentals	421	-	-	-	421
Aengus: arrear rental	478	-	478	-	-
11 Victoria Street Investment	-	319	319	-	-
MORTLOCK: Injuries sustained in High Court	-	227	227	-	-
Komatiland Forestry:	-	11 837	11 837	-	-
C.A.Petersen: Work Done	-	1 673	-	-	1 673
ABE Projecte: services rendered	-	3 351	-	-	3 351
Keneth Modika: claim for motor vehicle	-	14	-	-	14
Nashua Mobile: Claim for services rendered	-	42	-	-	42
Total	22 410	34 828	27 844	-	29 395

ANNEXURE 3 CLAIMS RECOVERABLE

Department: Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Correctional Services	-	-	5	-	5	-
Education	-	-	1 110	1 110	1 110	1 110
Environmental Affairs	-	-	63 088	67 287	63 088	67 287
Health	-	-	3 271	2 079	3 271	2 079
Justice	-	-	17	-	17	-
National Prosecuting Authority	-	-	-	266	-	266
Public Service & Administration	-	-	1	1	1	1
Public Works (PMTE)	-	-	12	-	12	-
Statistics South Africa	-	-	357	278	357	278
The Presidency	-	-	43	43	43	43
Trade & Industry	-	-	-	43	-	43
Other Claims: National departments	-	-	12 732	20 838	12 732	20 838
Defence	-	-	723	-	723	-
Foreign Affairs	-	-	-	105	-	105
Provincial depts.	-	-	6 169	353	6 169	353
Rural Development and Land reform	-	-	10	10	10	10
Transport	-	-	46	-	46	-
Home Affairs	-	-	13	-	13	-
Cooperative Govt and Traditional Affairs	-	-	16	-	16	-
Total	-	-	87 613	92 413	87 613	92 413



ANNEXURE 4 INTER-GOVERNMENT PAYABLES

DEPARTMENTS	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000
GOVERNMENT ENTITY						
Current						
PALAMA	-	-	-	271	-	271
Agriculture, Forestry and Fishery	-	-	1 941	4 173	1 941	4 173
Eastern Cape Treasury	-	-	-	4	-	4
Department of Health	-	-	-	2	-	2
Department of Labour	-	-	-	12	-	12
Limpopo Provincial Government	-	-	6	-	6	-
Eastern Cape Health	-	-	7	24	7	24
Rural Development and Land Reformed	-	-	-	49	-	49
Government Communication Information System	-	-	-	129	-	129
SA Police Force	-	-	-	16	-	16
Mpumalanga Provincial Government	-	-	20	-	20	-
Environmental Affairs	-	-	1 059	-	1 059	-
Property Management Trading Entity (PMTE)	51 412	164 204	52 330	57 142	103 742	221 346
Department of Transport and Public Works	-	-	483	-	483	-
Total	51 412	164 204	55 846	61 822	107 258	226 026



ANNEXURE 5 INVENTORY

Inventory	Note	2010/11		2009/10	
		Quantity	R'000	Quantity	R'000
Opening balance		782	22 947	766	7 959
Add/(Less): Adjustments to prior year balance		53	(10 557)	(5)	90
Add: Additions/Purchases - Cash		959	28 510	1 011	41 719
Add: Additions - Non-cash		53	-	232	5 580
(Less): Disposals		(74)	-	-	-
(Less): Issues		(1 092)	2 820	(1 295)	(38 034)
Add/(Less): Adjustments		(17)	(9)	73	5 633
Closing balance		664	43 711	782	22 947





PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE PROPERTY MANAGEMENT TRADING ENTITY

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I was engaged to audit the accompanying financial statements of the Property Management Trading Entity, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages **166 to 188**.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

IRREGULAR EXPENDITURE

4. Section 38(1)(a)(iii) of the PFMA requires the entity to implement and maintain an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective. Furthermore, section 40(3)(b)(i) of the PFMA requires the entity to include particulars of all irregular expenditure that had occurred during the financial year in its financial statements.
5. The entity did not have an adequate system for identifying and recognising all irregular expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of irregular expenditure relating to the current year stated at R138 637 000 (2010: R264 180 000) in note 12 to the financial statements.
6. Payments amounting to R291 668 886 were made in contravention of supply chain management requirements. The amount was not included in irregular expenditure, disclosed in note 12 to the financial statements, resulting in irregular expenditure being understated by R291 668 886.

FRUITLESS AND WASTEFUL EXPENDITURE

7. Section 40(3)(b)(i) of the PFMA requires the entity to include particulars of all fruitless and wasteful expenditure that had occurred during the financial year in its financial statements.



PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

8. The entity did not have an adequate system for identifying and recognising all fruitless and wasteful expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all fruitless and wasteful expenditure had been properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of fruitless and wasteful expenditure of R6 772 000 as stated in note 12 to the financial statements.

TRADE AND OTHER RECEIVABLES

9. The entity could not provide sufficient appropriate audit evidence to support the trade and other receivables balance of R2 035 134 000 (2010: R2 238 045 000, 2009: R2 073 435 000) included in note 3 to the financial statements.
10. In addition, paragraph 64 of SA Statements of GAAP, IAS 39 (AC133) *Financial Instruments: Recognition and Measurement* requires that an entity first assess whether objective evidence of impairment exists individually for financial assets that are individually significant. The provision for impairment of R220 296 000 (2010: R296 488 000, 2009: R130 471 000) - as disclosed in note 3 to the financial statements - and the impairment reversal - stated at R76 192 000 in the statement of comprehensive income - were not supported by sufficient appropriate audit evidence.
11. Furthermore, SA Statements of GAAP, IAS 39 (AC 133) *Financial Instruments: Recognition and Measurement* requires that when a financial asset is recognised, an entity shall measure it at amortised cost, plus transaction costs that are attributable to the issue of the financial asset, using the effective interest method. The entity did not apply the principles contained in IAS 39 correctly and was unable to provide sufficient appropriate audit evidence for the assumptions used in determining the amortised cost of trade and other receivables. As a result, interest paid - included in other operating expenses of R392 416 000 in the statement of comprehensive income - was overstated by an amount of R111 023 818. I was unable to determine the effect on trade and other receivables, revenue or interest received.
12. The entity's records did not permit the application of alternative audit procedures for the matters described in paragraph 9, 10 and 11 above due to a lack of proper accounting systems in place for accounts receivable and unreconciled individual trade receivables accounts. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and rights pertaining to trade and other receivables.
13. SA Statements of GAAP, IAS 17, *Leases*, requires that lease income from operating leases shall be recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Included in receivables was an amount of R443 059 000 pertaining to the straight-lining of leases reflected in note 3 to the financial statements. The calculation in support of the straight-lining of leases was performed incorrectly as it included expired leases and used the incorrect escalation rate. Consequently, the operating lease debtor reflected in note 3 to the financial statements and revenue derived from accommodation charges in respect of private leases, included at R3 058 138 000 in note 8 to the financial statements, were overstated by an estimated R56 716 614.
14. As disclosed in note 10 to the financial statements, the corresponding figures for 31 March 2010 and 31 March 2009 have been restated in order to address prior year misstatements. No supporting documentation was available for the restatement. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of, and rights pertaining to, the accounts receivable corresponding figure of R2 238 045 000 (2009: R2 073 435 000).

REVENUE

15. SA Statements of GAAP, IAS 1 (AC101) *Presentation of Financial Statements*, prohibits the offsetting of any assets, liabilities, income or expense, unless required or permitted by another statement of SA GAAP. Capital expenditure of R2 011 052 565 (2010: R1 743 335 702) incurred on planned maintenance at state-owned buildings was offset against revenue.



PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

16. The entity could not provide sufficient appropriate audit evidence to support transactions to the value of R74 656 451 included in accommodation charges from private leases and management fees. Furthermore, the entity was not able to provide audit evidence to enable me to verify the accuracy of amounts included in invoices issued in respect of rental income from privately owned buildings rented on behalf of government departments from private landlords, with a total value of R332 092 248. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that revenue disclosed in note 8 had been properly recorded.
17. As a result of the aforementioned matters, I was unable to satisfy myself as to the completeness, accuracy, occurrence, cut-off and classification of revenue stated at R4 755 326 000 (2010: R3 799 249 000) in note 8 to the financial statements.

TRADE AND OTHER PAYABLES

18. The entity could not provide sufficient appropriate audit evidence to support the trade and other payables balance of R1 187 203 000 (2010: R934 936 000, 2009: R722 197 000) included in note 5 to the financial statements.
19. I was unable to verify whether the advance account amounting to R460 920 130, included as part of trade creditors in note 5 to the financial statements, was fairly stated due to the entity not having been able to provide sufficient appropriate audit evidence in support of the amount recorded.
20. In addition, SA Statements of GAAP, IAS 39 (AC 133) *Financial Instruments: Recognition and Measurement* requires financial liabilities to be measured at amortised cost using the effective interest method. The entity did not apply the principles contained in IAS 39 correctly and was unable to provide sufficient appropriate audit evidence for the assumptions used in determining the amortised cost of trade and other payables. As a result, interest received - stated at R123 657 000 in note 9 to the financial statements - was overstated by R39 013 913. I was unable to determine the effect on trade and other payables or operating expenditure, including interest paid.
21. Furthermore, the entity incorrectly allocated an amount of R150 593 391 received from the Department of Public Works to trade and other payables and did not record the amount as revenue accommodation charges, resulting in trade and other payables being overstated and revenue received from accommodation charges - included in note 8 to the financial statements - being understated by an amount of R150 593 391.
22. The entity's records did not permit the application of alternative audit procedures for the matters described in paragraphs 19 and 20 above due to a lack of proper accounting systems in place for accounts payable. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligations pertaining to trade and other payables.
23. SA Statements of GAAP, IAS 17 *Leases* requires that lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Included in trade creditors was an amount of R443 059 000 pertaining to the straight-lining of leases. The calculation in support of the straight-lining of leases was performed incorrectly, as the calculation included expired leases and used the incorrect escalation rate. Consequently the trade creditors reflected in note 5 to the financial statements and lease rentals on operating lease included in the statement of comprehensive income were overstated by an estimated R56 716 614.

OPERATING EXPENSES

24. The entity could not provide sufficient appropriate audit evidence to support transactions to the value of R166 017 095 included in other operating expenses. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the transactions had been properly recorded. Consequently, I could not satisfy myself as to the occurrence, accuracy, cut-off and classification of other operating expenses stated at R392 416 000 in the statement of comprehensive income. I was unable to determine the effect on the other account balances or classes of transactions contained in the financial statements.



PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

BANK OVERDRAFT

25. SA Statements of GAAP, IAS 39 (AC 133) *Financial Instruments: Recognition and Measurement* requires financial liabilities to be measured at amortised cost using the effective interest method. The bank overdraft has been measured at amortised cost, however the entity did not apply the principles contained in IAS 39 correctly and was unable to provide sufficient appropriate audit evidence for the assumptions used in determining the accounting treatment of the bank overdraft. As a result, interest received – stated at R123 657 000 in note 9 to the financial statements - was overstated by R84 510 107 and the bank overdraft – stated at R1 254 763 000 in note 4 to the financial statements – was understated by R84 510 107.

OTHER COMMITMENTS

26. The entity could not provide sufficient appropriate audit evidence to support commitments to the value of R1 271 080 802. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments had been properly recorded. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, obligations, completeness, classification and accuracy of commitments stated at R9 475 435 000 in note 13 to the financial statements.

CONTINGENT LIABILITIES

27. SA Statements of GAAP, IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* requires the entity to assess whether a present obligation exists at the reporting date. An entity recognises a provision for that present obligation if the other recognition criteria per IAS 37 are met. If it is more likely than not that no present obligation exists, the entity discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.
28. The entity did not assess the probability of the outflow of future economic benefits in respect of claims made against the entity. As a result, I was not able to determine whether contingent liabilities reflected had been accurately valued and whether, based on the probability of the outflow of future economic benefits, in certain instances a provision should have been raised. The entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness, occurrence, obligations, classification and valuation of contingent liabilities stated at R129 436 000 in note 14 to the financial statements.
29. The corresponding figure for contingent liabilities has been reduced by R320 728 000 in order to address a prior year error. No supporting documentation was available for the restatement. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, obligation, completeness, classification and valuation pertaining to the contingent liabilities corresponding figure stated at R70 276 000 in note 14 to the financial statements.
30. Furthermore the entity did not disclose the prior period error in accordance with the provisions of IAS 8 (AC 103) *Accounting Policies, Changes in Accounting Estimates and Errors*.

OPERATING LEASE COMMITMENTS

31. The calculation of the operating lease commitment was based on the straight-line lease payments instead of taking the minimum lease payments into account as per the requirements of SA Statements of GAAP, IAS 17 (AC 105) *Leases*. Consequently, the operating lease commitments from the perspective of both the lessee and the lessor - stated at R12 521 880 000 in note 13 to the financial statements - were understated by an estimated amount of R2 651 698 215.



PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

RELATED PARTIES

32. SA Statements of GAAP, IAS 24 (AC 126) *Related Party Transactions* requires that all related party balances and transactions be disclosed. Due to the lack of a proper accounting system for trade receivables and unreconciled individual trade receivable balances at year-end, I was unable to verify the existence, completeness, valuation, rights and obligations of related party balances as well as the occurrence, completeness, accuracy, cut-off and classification of related party transactions, as disclosed in note 15 of the financial statements. The entity's accounting records did not permit the application of alternative procedures to verify related party disclosures.

RESTATEMENT OF COMPARATIVE AMOUNTS

33. Contrary to the requirements of SA Statements of GAAP, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the entity did not include a narrative note on the nature of the restatements disclosed.

DISCLAIMER OF OPINION

34. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

35. In accordance with the PAA and in terms of *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages **16 to 71** and material non-compliance with laws and regulations applicable to the trading entity.

PREDETERMINED OBJECTIVES

36. The entity does not report separately on performance against pre-determined objectives; this is included in the report of the Department of Public Works.

COMPLIANCE WITH LAWS AND REGULATIONS

STRATEGIC PLANNING

37. The accounting officer of the Department of Public Works did not finalise and approve the business case for running the trading entity and consequently did not formulate a policy and reporting framework for the head of the trading entity in accordance with the requirements of Treasury Regulation (TR) 19.3.1.

ANNUAL FINANCIAL STATEMENTS

38. The accounting officer submitted financial statements for auditing that had not been prepared in all material aspects in accordance with SA Statements of GAAP (and supported by full and proper records) as required by section 40(1)(a) and (b) of the PFMA. Material misstatements identified by the auditors were not subsequently corrected adequately which resulted in the financial statements receiving a disclaimed audit opinion in contravention of section 40(3)(a) of the PFMA.



PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

PROCUREMENT AND CONTRACT MANAGEMENT

39. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of over R500 000 had been procured by means of a competitive bidding process as per the requirements of TR 16A6.1, TR 16A6.4 and National Treasury Practice Notes 6 and 8 of 2007/08.
40. All invitations for competitive bidding were not advertised for a minimum period of 21 days as per the requirements of TR 16A6.3(c).
41. Sufficient appropriate audit evidence could not be obtained that awards had been made to suppliers who provided written proof from the South African Revenue Service that their tax matters were in order as per the requirements of Preferential Procurement Regulation 16 and TR 16A9.1(d).
42. Awards were made to suppliers who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state as per the requirements of TR16A8.3 and National Treasury Practice Note 7 of 2009/10.
43. All extensions or modifications to contracts were not approved by a delegated official, as per the requirements of TR 8.2.1 and TR 8.2.2.
44. Construction contracts were awarded to contractors that were not registered and did not qualify for the contract in accordance with the prescripts of the Construction Industry Development Board, contrary to TR16A6.3(a).
45. The accounting officer did not in all instances report within ten working days to the Auditor-General, all cases where goods and services above the value of R 1 million (VAT included) had been procured in terms of TR 16A6.4 as required by National Treasury Practice Note 6 of 2007/2008.

EXPENDITURE MANAGEMENT

46. The accounting officer did not take effective and appropriate steps to prevent and detect irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and TR 9.1.1.
47. The accounting officer did not take effective and appropriate steps to prevent and detect fruitless and wasteful expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and TR 9.1.1.
48. The accounting officer did not immediately upon the discovery of irregular as well as fruitless and wasteful expenditure report it to the relevant treasury, as per the requirements of section 38(1)(g) of the PFMA.
49. Payments due to creditors were not always settled within 30 days from receipt of an invoice as per the requirements of section 38(1)(f) of the PFMA and TR 8.2.3.
50. Expenditure was incurred without the approval of a delegated official, contrary to the requirements of section 44 of the PFMA, TR 8.2.1 and TR 8.2.2.

REVENUE MANAGEMENT

51. The accounting officer did not develop and implement appropriate processes that provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue to ensure that all money due to the trading entity was collected as per the requirements of section 38(1)(c)(ii) of the PFMA and TR 7.2.1.
52. Sufficient appropriate audit evidence could not be obtained that the accounting officer had taken effective and appropriate steps to timeously collect all money due to the institution as per the requirements of TR 11.2.1.



PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

53. Sufficient appropriate audit evidence could not be obtained that the accounting officer had complied with the applicable requirements when writing off debts, as per TR 11.4.

BANKING AND CASH MANAGEMENT

54. The entity's main bank account was overdrawn throughout the reporting period in contravention of the requirements of TR 19.2.3.

INTERNAL CONTROL

55. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

56. The accounting officer did not exercise oversight responsibility regarding financial reporting, compliance with applicable laws and regulations and related internal controls.
57. The accounting officer did not implement effective human resource management to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored.
58. The accounting officer did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities. There were no documented policies and procedures, yearend closure plans or initiatives to ensure compliance with SA Statements of GAAP throughout the reporting period.

FINANCIAL AND PERFORMANCE MANAGEMENT

59. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial reporting.
60. Management did not implement controls over daily and monthly processing and reconciling of transactions.
61. Management did not prepare regular, accurate and complete financial reports that were supported and evidenced by reliable information.
62. Management did not review and monitor compliance with applicable laws and regulations.

GOVERNANCE

63. The entity did not implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of IT risks and fraud prevention, were conducted and that a risk strategy, to address the risks, was developed and monitored.
64. The accounting officer did not ensure that the internal audit unit was adequately resourced to ensure that the unit could effectively assist in identifying internal control deficiencies and develop recommendations in respect of corrective action to be taken to address the internal control deficiencies identified.



PROPERTY MANAGEMENT TRADING ENTITY
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

OTHER REPORTS

INVESTIGATIONS

65. An investigation is being conducted to probe the alleged abuse of urgent and emergency procurement as well the utilisation of sole suppliers. The investigation aims to establish whether there was collusion between officials and service providers and to determine any reckless spending of funds. The investigation was still ongoing at the reporting date.
66. An investigation is being conducted to probe irregular expenditure in respect of the leasing of properties as well as an alleged irregular award of a tender and the incapacity of a contractor to fulfil his duties. The investigation was still ongoing at the reporting date.
67. An investigation was conducted into complaints and allegations of maladministration and improper and unlawful conduct by the Department of Public Works and the South African Police Service relating to the leasing of office accommodation in Pretoria. The report was issued on 22 February 2011. It was found that the procurement of the lease was not in accordance with a cost-effective system as required by the Constitution. The Department of Public Works failed to record the reasons for deviating from a competitive tender process, as is required by the supply chain management prescripts.
68. An investigation was conducted into complaints and allegations of maladministration and improper and unlawful conduct by the Department of Public Works and the South African Police Service relating to the leasing of the South African Police Service's office accommodation in Durban. The report was issued on 14 July 2011. It was found that there was no legitimate justification for a deviation from the prescribed tender processes. In violation of the PFMA and the Treasury Regulations, the Department of Public Works did not record and report reasons for deviating from a competitive process in line with supply chain management requirements. The procurement process did not comply with the requirements of fairness, equitability and transparency.

Auditor-General

Pretoria

8 September 2011



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



PROPERTY MANAGEMENT TRADING ENTITY
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2011

		2011	2010 (Restated)	2009 (Restated)
	Notes	R'000	R'000	R'000
ASSETS				
CURRENT ASSETS				
Trade and other receivables	3	2 035 134	2 238 045	2 073 435
Cash and cash equivalents	4	2 158	8 997	6 567
		2 037 292	2 247 042	2 080 002
ACCUMULATED FUNDS AND LIABILITIES				
Accumulated loss		(404 674)	(363 339)	(188 470)
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	5	1 187 203	934 936	722 197
Bank overdraft	4	1 254 763	1 675 445	1 546 275
		2 441 966	2 610 381	2 268 472
Total accumulated funds and Liabilities		2 037 292	2 247 042	2 080 002



PROPERTY MANAGEMENT TRADING ENTITY
 STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 31 March 2011

		2011	2010
	Note(s)	R'000	R'000
REVENUE			
Revenue	8	4 755 326	3 799 249
OTHER INCOME			
Interest received	9	123 657	-
OPERATING EXPENSES			
Other operating expenses		(392 416)	(225 448)
Impairment reversal		76 192	-
Gardening services		(67 238)	(68 887)
Cleaning services		(129 312)	(72 217)
Property maintenance		(812 909)	(626 821)
Lease rentals on operating lease		(3 011 552)	(2 431 249)
Municipal rate and taxes		(583 083)	(549 496)
		(4 920 318)	(3 974 118)
Loss for the year		(41 335)	(174 869)
Other comprehensive income		-	-
Total comprehensive loss		(41 335)	(174 869)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Government		(41 335)	(174 869)



PROPERTY MANAGEMENT TRADING ENTITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2011

	Accumulated loss	Total equity
	R'000	R'000
Opening balance as previously reported	(167 603)	(167 603)
Adjustments		
Prior period adjustments	(20 867)	(20 867)
Balance at 01 April 2009 as restated	(188 470)	(188 470)
Changes in equity		
Total comprehensive loss for the year	(174 869)	(174 869)
Total changes	(174 869)	(174 869)
Opening balance as previously reported	(225 223)	(225 223)
Adjustments		
Prior period adjustments	(138 116)	(138 116)
Balance at 01 April 2010 as restated	(363 339)	(363 339)
Changes in equity		
Total comprehensive loss for the year	(41 335)	(41 335)
Total changes	(41 335)	(41 335)
Balance at 31 March 2011	(404 674)	(404 674)



PROPERTY MANAGEMENT TRADING ENTITY
STATEMENT OF CASH FLOWS
for the year ended 31 March 2011

		2011	2010
	Notes	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts and government grants		2 961 249	3 795 405
Cash paid to suppliers and employees		(2 671 063)	(3 922 145)
Cash generated from operations	11	290 186	(126 740)
Interest income		123 657	-
Net cash from operating activities		413 843	(126 740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in fruitless and wasteful expenditure awaiting condonement		-	7 952
Movement in analysis of awaiting condonement per economic classification		-	(7 952)
Net cash from financing activities		-	-
Total cash movement for the year		413 843	(126 740)
Cash at the beginning of the year		(1 666 448)	(1 539 708)
Total cash at end of the year	4	(1 252 605)	(1 666 448)



PROPERTY MANAGEMENT TRADING ENTITY
ACCOUNTING POLICIES
for the year ended 31 March 2011

1. BASIS OF PREPARATION

The annual financial statements have been prepared on the going concern basis utilising the historical cost concept. The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1 of 1999, and the Division of Revenue Act, Act 2 of 2006.

1.1 TRADE RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost. The carrying amount of trade receivables is net of the provision for impairment. The provision for impairment on receivables is calculated based on available information which indicate that the amount receivable are impaired, e.g. liquidation of the debtor. In addition, the amounts outstanding for longer than 3 years and longer are considered to be impaired and the whole amount greater than 3 years is considered as the provision.

Receivables are assessed for impairment at each balance sheet date.

1.2 TRADE AND OTHER PAYABLES

Trade and other payables are initially recorded at fair value and then subsequently recorded at amortised cost.

1.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, and deposits held on call with banks and investments in money market instruments, net of bank overdrafts. Amounts held with Property Management Trading Entity bankers in favour of its service providers are also included in cash and cash equivalent.

1.4 REVENUE RECOGNITION

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increase in equity/reserves. The following specific recognition criteria must also be met before revenue is recognised.

MANAGEMENT FEES

Management fees are earned from the administrative services rendered on behalf of client departments. The services entail the payment of municipal charges on behalf of client department. A management fee of 5% is computed on the municipal charge paid on behalf of client department. The management fee is recognised on payment of the municipal charges on behalf of client departments.

GOVERNMENT GRANT

Government grant is recognised at fair value when there is reasonable assurance that the PMTE will comply with the conditions attached to the grants will be received. The Grant is income received from DPW to Enable PMTE to deliver its mandate of property management.

RENTAL INCOME

Rental income is collected on both government owned buildings rented to client departments and privately owned buildings rented on behalf of government departments from private landlords. Rental income is recognised when PMTE becomes entitled to the income in terms of the lease entered into between PMTE and the respective government departments.

1.5 OPERATING LEASES

Lease where significant portion of the risk and rewards are retained by the lessor are classified as operating lease. Payments made under operating lease are charged to the income statement on a straight line basis over the period of the lease.



PROPERTY MANAGEMENT TRADING ENTITY
ACCOUNTING POLICIES
for the year ended 31 March 2011

1.6 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular, fruitless and wasteful expenditure is recognised as expenditure in the statement of comprehensive income. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

1.7 CONTINGENT LIABILITIES

Contingent liabilities are included in the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

1.8 CONTINGENT ASSETS

Contingent assets are included in the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

1.9 COMMITMENTS

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of comprehensive income but are included in the financial statements as further disclosure.

1.10 COMPARATIVE FIGURES

Comparative figures have been adjusted to conform to changes in presentation and classification in the current year. Comparatives were also adjusted as a result of the change from modified cash basis of accounting to use of the South African Statements of Generally Accepted Accounting Practice. The impact of the change is disclosed in note 10 below.

1.11 FUNCTIONAL CURRENCY

The entity uses South African Rand as its functional currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

1.12 FINANCE COST

Finance cost comprises interest payable on borrowings and interest resulting from the unwinding of discount on liabilities. Borrowing costs which are not capitalised are recognised in profit or loss using the effective interest method.

1.13 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the entity's accounting policies, which are described in note 1, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



PROPERTY MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the entity has adopted for the first time the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

2009 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IAS 17 LEASES

The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

2009 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IAS 18 REVENUE

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 01 June 2009.

The adoption of this amendment has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2009 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO AC142 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The amendment specifies that disclosures of other Standards do not apply to non-current assets (or disposal groups) held for sale or discontinued operations, unless specifically required by other Standards or for measurement disclosures of assets and liabilities in a disposal group which are outside the measurement requirements of AC142 Non-current Assets Held for Sale and Discontinued Operations.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

2009 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO AC101 PRESENTATION OF FINANCIAL STATEMENTS

The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue of equity instruments, does not affect its classification as current or non-current.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.



PROPERTY MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

2009 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO AC118 STATEMENT OF CASH FLOWS

The amendment provides that expenditure may only be classified as 'cash flows from investing activities' if it resulted in the recognition of an asset on the statement of financial position.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

2009 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO AC111

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The adoption of this amendment has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

AC139 SHARE-BASED PAYMENT (AMENDED)

AC132 provides that an entity receiving goods or services in a share-based payment transaction that is settled by any other entity in the entity or any shareholder of such an entity in cash or other assets is now required to recognise the goods or services received in its financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

2.2 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The entity has not chosen to early adopt any standards and interpretations.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The entity has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2011 or later periods:



PROPERTY MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

IFRS 9 FINANCIAL INSTRUMENTS

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets.

The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payment of principal and interest only). All other financial assets may be designated as at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through profit or loss. When such an election is made, it may not subsequently be revoked, and gain or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IAS 24 RELATED PARTY DISCLOSURES (REVISED)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship.
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient details to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The entity expects to adopt the amendment for the first time in the 2012 annual financial statements.



PROPERTY MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

The impact of this amendment is currently being assessed.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES

Additional clarification is provided on the requirements for risk disclosures.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The entity expects to adopt the amendment for the first time in the 2012 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

2.4 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2011 or later periods but are not relevant to its operations.

First time adopters of IFRS may measure exploration and evaluation assets and assets in the development or production phase (for oil and gas properties) at the amount determined in accordance with their previous GAAP at date of transition. However, these assets should be tested for impairment in accordance with IAS 36 (AC 128) Impairment of Assets at the date of transition to IFRS and, if necessary, reduced.

If the exemption for oil and gas assets is applied, then any decommissioning, restoration and similar liabilities at the date of transition shall be determined in accordance with IAS 37 (AC 130) Provisions, Contingent Liabilities and Contingent Assets. The difference between that amount and the amount recognised under previous GAAP shall be recognised directly in retained earnings.

Another exemption provides for first-time adopters who made the same determination of whether an arrangement contains a lease in accordance with previous GAAP as required by IFRIC 4 (AC 437) Determining Whether an Arrangement Contains a Lease, but at a date other than that required by IFRIC 4, the first time adopter need not reassess that determination when it adopts IFRS.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IFRIC 19 EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS

The effective date of the amendment is for years beginning on or after 01 July 2010.



PROPERTY MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The effective date of the amendment is for years beginning on or after 01 January 2011.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IFRS 3 BUSINESS COMBINATIONS

The effective date of the amendment is for years beginning on or after 01 July 2010.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IAS 21 THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

The effective date of the amendment is for years beginning on or after 01 July 2010.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IAS 28 INVESTMENTS IN ASSOCIATES

The effective date of the amendment is for years beginning on or after 01 July 2010.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IAS 31 INTERESTS IN JOINT VENTURES

The effective date of the amendment is for years beginning on or after 01 July 2010.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IAS 34 INTERIM FINANCIAL REPORTING

The effective date of the amendment is for years beginning on or after 01 January 2011.

2010 ANNUAL IMPROVEMENTS PROJECT: AMENDMENTS TO IFRIC 13 CUSTOMER LOYALTY PROGRAMMES

The effective date of the amendment is for years beginning on or after 01 January 2011.

IMPROVEMENTS TO IFRIC 14 – IFRS 19 THE LIMIT ON A DEFINED BENEFIT ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION

The effective date of the amendment is for years beginning on or after 01 January 2011.

AMENDMENT TO IFRS 1 (AC138) LIMITED EXEMPTION FROM COMPARATIVE IFRS 7 DISCLOSURES FOR FIRST-TIME ADOPTERS

The amendment allows first time adopters to apply the transitional provisions of IFRS 7 (AC144). The exemption is only allowed for annual financial statements where the earliest comparative is before years ending on 31 December 2009.

The effective date of the amendments is for years beginning on or after 01 July 2010.

The entity does not envisage the adoption of the amendments until such time as it becomes applicable to the entity's operations.

It is unlikely that the amendments will have a material impact on the entity's annual financial statements.



PROPERTY MANAGEMENT TRADING ENTITY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2011

	2011	2010	2009
	R'000	R'000	R'000
3. TRADE AND OTHER RECEIVABLES			
Claims recoverable	113 515	577 047	493 182
Claims recoverable - PACE	216 595	742 696	733 642
Claims recoverable – CA	143 911	267 459	181 882
Disallowances	220 313	199 890	129 767
Debtor operating lease	443 059	119 224	180 338
Accommodation debtors - State owned	57 296	63 966	-
Accommodation debtors - Private leases	515 267	381 089	336 835
Debtors – Municipal services	539 070	179 040	145 745
Municipal deposits	6 404	4 122	2 515
Provision for impairment	(220 296)	(296 488)	(130 471)
	2 035 134	2 238 045	2 073 435

Receivables ageing 2011

	Less than 1 year	1 to 3 years	Older than 3 years	Total
Claims recoverable	113 515	-	-	113 515
Claims recoverable - PACE	143 911	-	-	143 911
Claims recoverable – CA	216 595	-	-	216 595
Disallowances	18 183	190 497	11 633	220 313
Debtors operating lease	443 059	-	-	443 059
Accommodation debtors – State owned	31 627	11 907	13 762	57 296
Accommodation debtors – Private leases	221 955	241 101	52 211	515 267
Debtors – Municipal services	360 030	179 040	-	539 070
Municipal deposits	2 282	4 122	-	6 404
Provision for impairment	(18 166)	(148 279)	(53 851)	(220 296)
	1 532 991	478 388	23 755	2 035 134

Receivables ageing 2010

	Less than 1 year	1 to 3 years	Older than 3 years	Total
Claims recoverable	-	68	-	68
Claims recoverable - PACE	742 696	-	-	742 696
Claims recoverable - CA	210 221	57 238	-	267 459
Disallowances	112 033	66 223	21 634	199 890
Debtors operating lease	119 224	-	-	119 224
Accommodation debtors – State owned	37 927	13 753	12 286	63 966
Accommodation debtors – Private leases	218 199	129 329	33 561	381 089
Debtors – Municipal services	346 246	409 773	-	756 019
Municipal deposits	4 122	-	-	4 122
Provision for impairment	(199 890)	(30 770)	(65 828)	(296 488)
	1 590 778	645 614	1 653	2 238 045



PROPERTY MANAGEMENT TRADING ENTITY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2011

	Less than 1 year	1 to 3 years	Older than 3 years	Total
Claims recoverable	-	68	-	68
Claims recoverable - PACE	733 560	82	-	733 642
Claims recoverable - CA	65 230	116 652	-	181 882
Disallowances	90 117	39 650	-	129 767
Debtors operating lease	180 338	-	-	180 338
Accommodation debtors – Private leases	214 445	122 390	-	336 835
Debtors – Municipal services	436 607	202 252	-	638 859
Municipal deposits	-	2 515	-	2 515
Provision for impairment	(90 820)	(39 651)	-	(130 471)
	1 629 477	443 958	-	2 073 435

Provision for impairment

	2011	2010	2009
	R'000	R'000	R'000
Opening balance	296 488	130 471	63 414
Movement for the period	(76 192)	166 017	67 057
	220 296	296 488	130 471

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balance with banks

Bank balances	2 158	8 997	6 567
Bank overdraft	(1 254 763)	(1 675 445)	(1 546 275)
	(1 252 605)	(1 666 448)	(1 539 708)
Current assets	2 158	8 997	6 567
Current liabilities	(1 254 763)	(1 675 445)	(1 546 275)
	(1 252 605)	(1 666 448)	(1 539 708)

5. TRADE PAYABLES

Trade creditors	904 640	578 115	417 248
Deferred income	572	5 786	-
Accruals	279 074	351 035	304 949
Suspense account	2 917	-	-
	1 187 203	934 936	722 197



PROPERTY MANAGEMENT TRADING ENTITY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2011

6. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Fair value through profit or loss	Held to maturity investments	Non financial assets	Available for sale
Trade and other receivables	1 592 075	-	-	443 059	-
Cash and cash equivalents	-	-	-	-	2 158
	1 592 075	-	-	443 059	2 158

2010

	Loans and receivables	Fair value through profit or loss	Held to maturity investments	Non financial assets	Available for sale
Trade and other receivables	2 118 821	-	-	119 224	-
Cash and cash equivalents	-	-	-	-	8 997
	2 118 821	-	-	119 224	8 997

7. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2011

	Financial liabilities at amortised cost	Financial liabilities at amortised cost	Fair value through profit or loss – designated	Total
Trade and other payables	1 187 203			1 187 203

2010

	Financial liabilities at amortised cost	Financial liabilities at amortised cost	Fair value through profit or loss – designated	Total
Trade and other payables	934 936			934 936

8. REVENUE

	2011 R'000	2010 R'000
Accommodation charges – State Owned	948 403	825 812
Accommodation charges – Private Leases	3 058 138	2 291 395
Government grants	612 967	588 411
Management fees	135 818	93 631
	4 755 326	3 799 249
The amount included in revenue includes:		
Income collected from immovable properties which are disclosed under the Department of Public Works	948 403	825 812



PROPERTY MANAGEMENT TRADING ENTITY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2011

9. INTEREST RECEIVED

	2011	2010
	R'000	R'000
Bank	123 657	-

10. RESTATEMENT OF COMPARITIVES

	Previously reported 2010	Adjustment 2010	Restated amount 2010
Total change in receivables	2 377 833	(139 788)	2 238 045
Claims recoverable	1 770 364	-	1 770 364
Debtors – Municipal services	756 087	-	756 087
PACE	742 696	-	742 696
CA	267 459	-	267 459
Municipal deposits	4 122	-	4 122
Recoverable expenditure	199 890	-	199 890
Debtor operating lease	119 224	-	119 224
Accommodation debtors	584 843	(139 788)	445 055
Accommodation debtors – State owned	113 805	(49 839)	63 966
Accommodation debtors – Private leases	471 038	(89 949)	381 089
Trade and other payables	(2 612 053)	1 673	(2 610 381)
Accumulated funds	(225 223)	138 116	(363 339)
Revenue	(3 916 496)	117 247	(3 799 249)
	-	-	-

	Previously reported 2009	Adjustment 2009	Restated amount 2009
Deferred income	(1 673)	1 673	-
Trade and other receivables	2 095 975	(22 540)	2 073 435
Accumulated funds	167 603	20 867	188 470

11. CASH GENERATED FROM OPERATIONS

	2011	2010
	R'000	R'000
Loss before taxation	(41 335)	(174 869)
Adjustments for:		
Interest received	(123 657)	-
Changes in working capital:		
Trade and other receivables	202 911	(164 610)
Trade payables	252 267	212 739
Total	290 186	(126 740)



PROPERTY MANAGEMENT TRADING ENTITY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2011

12. LOSSES THROUGH CRIMINAL CONDUCT OR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

	2011	2010
	R'000	R'000
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	7 952
Less: Amounts condoned	-	(7 952)
Current	6 722	-
Fruitless and wasteful expenditure awaiting condonement	-	-
Analysis of awaiting condonement per economic classification	-	-
Current	-	-
	6 722	-
Reconciliation of irregular expenditure		
Opening balance	264 180	-
Add: Irregular expenditure relating to current year	138 637	264 180
Less: Amounts condoned	(38 768)	-
	364 049	264 180

13. COMMITMENTS

Other commitments		
Current	172 050	171 125
Capital	9 303 385	8 154 621
	9 475 435	8 325 746

Capital commitments represent contractual commitments made with third party service providers for capital projects. The capital projects are undertaken on behalf of different client departments. The capital projects involve the construction and maintenance of facility structures and projects.

Operating leases – as lessee (expense)

Minimum lease payments due

- Within one year	2 861 090	1 960 446
- In second to fifth year	5 889 510	3 851 890
- Later than five years	3 771 280	2 427 208
	12 521 880	8 239 544

Operating leases – as lessor (income)

Minimum lease payments due

- Within one year	2 861 090	1 960 446
- In second to fifth year	5 889 510	3 851 890
- Later than five years	3 771 280	2 427 208
	12 521 880	8 239 544



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14. CONTINGENT LIABILITIES

	2011	2010	2009
	R'000	R'000	R'000
Claims against the entity	129 436	70 276	144 340

The contingent liability is made up of claims against PMTE arising from capital projects with different third party service providers. The department's legal advisors are handling claims on behalf of PMTE.

15. RELATED PARTIES

The following are the related parties of PMTE.

- National Department of Public
- Other National Departments and Public Entities reporting to the National Departments because they are subject to common control. National Departments operate together to achieve a common objective determined by Cabinet/Provincial Legislature.

Related party balances

Department	Accommodation charge	Private lease	Municipal charges	Project Accelerated expenses	Current assets	2011 Total debt
Agriculture, Forest & Fish	393	4 457	21 000	-	-	25 850
Arts & Culture	-	6 190	1 509	18 375	-	26 074
BCIP	-	-	-	-	912	912
Communications	-	351	1 388	-	-	1 739
Correctional Services	-	8 114	14	18 209	-	23 337
Defence	-	2 247	88 690	6 107	81 663	178 707
Coop govt & traditional affairs	-	3 018	2 180	-	9 455	14 653
Environment Affairs & Tourism	2 459	1 432	2 208	-	2 987	9 086
Inter relation & coop	7 258	-	13 941	-	59 614	80 814
Inter Relations & coop (Gallagher Estate)	-	-	-	-	-	-
Pan African Parliament	-	-	-	-	-	-
Gender Equality Commission	-	5 483	1 740	-	14	7 237
Government Communications	-	7 301	54	-	-	7 355
Government Printing	-	-	-	-	48 549	48 549
Higher Education and Training	77	10 761	3 192	-	875	14 905
Health	30 251	32 151	3 910	2 634	-	68 946
Home Affairs	8 020	69 138	40 480	-	-	117 638
Human Settlement	-	469	142	-	-	611
Human Rights Commission	-	3 701	252	-	-	3 953
Independent Complaints Directorate	-	29 796	680	-	393	30 868
Justice and constitutional	9 070	51 506	92 221	146 306	-	299 103
Labour	-	24 224	8 819	1 740	(67)	34 716
Minerals Resources	3 620	42 985	8 903	-	-	55 508
National Prosecuting Authority	-	18 821	2 193	-	1 133	22 147
National Treasury	-	12 324	5 223	-	-	17 547
Parliament	-	1 542	-	-	3 881	5 423
Public Enterprises	-	-	624	-	-	624



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Department	Accommodation charge	Private lease	Municipal charges	Project Accelerated expenses	Current assets	2011 Total debt
Public protector	-	8 360	1 185	-	43	9 588
Public Service & Admin	-	7 671	690	-	-	8 361
Public Service Commission	-	-	-	-	-	-
Public Works	-	42 417	28 375	23 129	4 569	98 500
Rural Development & Land Reform	1	-	(74)	-	1 648	1 575
SAMDI/PALAMA	-	4 951	3 079	-	-	8 030
SA Police Services	-	284	174 806	158 430	-	333 519
SARS	-	-	5 153	-	86	5 239
SASSA	-	85 775	3 594	-	-	89 369
Science & Technology	-	1 439	101	-	-	1 540
Social Development	-	129	477	-	-	606
Sports & Recreation	9	11 084	5 480	-	-	16 573
Statistics SA	130	37 961	2 397	-	-	40 488
Tourism	-	-	628	-	-	628
Trade and Industry	19	1 794	848	-	-	2 661
Transport	-	11 145	403	-	44	11 592
Water and Environment	-	-	9 123	-	-	9 123
Financial and Fiscal Commission	-	2 305	1 210	-	-	3 515
SAMAF	-	-	-	-	-	-
Presidency	-	-	-	-	77	77
SITA	-	-	2 232	-	-	2 232
SUB-TOTAL	61 306	551 336	539 070	374 929	215 425	1 742 066

Department	Accommodation charge	Private lease	Municipal charges	Project Accelerated expenses	Current assets	2010 Total debt
Agriculture, Forest and Fish	393	3 295	35 977	5 195	119	44 979
Arts and Culture	-	6 190	7 423	7 953	15	21 581
BCIP	-	-	-	-	912	912
Communications	-	351	2 484	-	33	2 868
Correctional Services	-	31 405	161 072	16 904	119	209 500
Defence	1	14 140	137 312	15 137	82 966	249 556
Coop govt and traditional affairs	-	3 018	2 043	-	-	5 061
Education	77	7 478	1 331	-	875	9 761
Environmental Affairs & Tourism	2 259	7 119	746	-	3 793	14 117
Inter Relations & coop	7 258	(43 537)	8 789	-	36 406	8 916
Inter Relations & coop (Gallagher Estate)	-	-	-	-	-	-
Pan African Parliament	-	-	-	-	-	-
Gender Equality Commission	-	3 683	687	0	14	4 384
Government Communications	-	8 513	235	-	-	8 748
Government Printing	-	-	-	-	9 247	9 247
Health	-	14 656	2 911	2 400	-	19 967
Home Affairs	16 905	74 831	16 547	8 903	104	117 290
Human Settlement	148	4 303	2 290	2 290	813	9 844
Human Rights Commission	-	3 124	274	-	-	3 398
Independent Complaints	-	4 242	(88)	-	393	4 547
Commission Justice & Constitutional	33 770	2 360	82 097	97 045	-	215 272



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Department	Accommodation charge	Private lease	Municipal charges	Project Accelerated expenses	Current assets	2010 Total debt
Labour	-	13 732	11 886	7 985	2 577	36 180
Rurl Development and Land Reform	1	(2 314)	3 463	2 101	129	3 379
Minerals & Energy	2 261	42 369	6 183	-	-	50 813
National Prosecuting Authority	-	18 838	6 291	-	1 047	26 176
National Treasury	541	13 490	10 982	-	-	25 013
National Treasury SARS	-	-	9 483	-	10 336	19 818
Parliament	-	1 419	386	-	3 701	5 506
Public Enterprises	-	332	2 593	-	-	2 925
Public Protector	-	4 342	591	-	67	5 000
Public Service & Admin	-	4 623	742	-	-	5 365
Public Service Commission	-	2 723	679	-	-	4 402
Public Works	-	4 968	1 013	172 887	45 928	224 796
SAMDI/PALAMA	-	4 349	1 422	-	-	5 771
SA Police Services	-	284	188 938	312 417	5 155	506 794
SASSA	-	58 620	2 422	-	-	61 042
Science & Technology	-	1 431	96	-	-	1 527
Social Development	-	129	424	-	-	553
Sports & Recreation	8	8 487	5 138	-	-	13 633
Statistics SA	130	48 619	1 863	-	-	50 612
Trade & Industry	18	4 607	822	-	-	5 447
Transport	-	9 228	(1 421)	-	-	7 807
Water & Environmental Affairs	-	(4 615)	4 118	-	-	(499)
Financial & Fiscal Comm	-	1 183	863	-	-	2 046
SAMAF	-	(924)	-	-	-	(924)
Presidency	-	-	-	-	725	725
Total	63 966	381 089	721 105	651 217	205 474	2 022 857

Related party transactions

Management fees transactions

	2011 R'000	2010 R'000
Agriculture, Forestry & Fisheries	860	1 115
Arts and Culture	1 156	821
Communications	110	62
Correctional Services	28 127	22 757
Defence	28 063	23 540
Higher Education	184	138
Environmental Affairs	556	689
Financial & Fiscal Commission	18	17
International Relations	352	558
Gender Equality Commission	18	25
Government Communications (GCIS)	49	50
Health	591	428
Home Affairs	2 311	1 761
Human Settlements	69	116



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	2011	2010
	R'000	R'000
Human Rights Commission	15	15
Independent Complaints Directorate	92	40
Justice and Constitutional Development	8 109	6 898
Labour	1 333	1 143
Rural Development and Land Reform	1 029	875
Minerals Resources	157	232
National Prosecuting Authority	345	232
National Treasury	644	445
Parliament	2	4
Cooperate Gov & Trade Affairs	307	246
Public Enterprises	51	75
Public Protector	112	72
Public Service & Administration	176	137
Public Works	7 388	6 620
PALAMA	45	79
South African Revenue Services	424	346
South African Social Security Services	400	244
Social Development	95	73
South African Police Services	26 257	22 025
Sport & Recreation South Africa	124	149
Statistics South Africa	561	478
The Presidency	353	335
Trade and Industry	35	36
Transport	56	20
Water Affairs	1 010	739
Total	111 583	93 631



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Accommodation State Owned Revenue

	2011	2010
	R'000	R'000
Agriculture, Forestry & Fisheries	13 752	12 234
Arts and Culture	5 596	4 979
Communications	139	124
Correctional Services	200 718	178 563
Defence	352 010	313 156
Education	117	78
Environmental Affairs	2 810	2 500
International Relations	-	2 348
Government Communications	4	4
Health	11 864	1 932
Home Affairs	6 704	29 882
Human Settlement	71	32
Independent Complaints Directorate	75	66
Justice and Constitutional Dev	71 787	55 880
Labour	3 841	7 008
Rural Development & Land Reform	435	3 417
Mineral Resources	815	-
National Treasury	4 617	544
National Treasury - SARS	14 413	4 108
Public Service and Administration	41	37
Public Works	8 742	7 777
SA Police Services	237 483	211 270
Social Development	76	67
Sport & Recreation	2	-
Statistics SA	196	131
Trade and Industry	5	5
Water Affairs and Forestry	18 625	165 570
TOTAL	948 403	825 812

Private Leases

	2011	2010
	R'000	R'000
Agriculture, Forestry & Fisheries	59 098	10 946
Arts and Culture	19 650	17 270
Communications	10 301	12 638
Correctional Services	82 013	83 921
Defence	188 583	172 704
Corporative Governance & Traditional Affairs	24 951	25 159
Higher Education	25 210	28 466
Environmental Affairs	21 128	64 354
Financial & Fiscal Comm	1 122	647
International Relations	53 470	76 938
Gender Equality Commission	1 799	1 598
Government Communications	14 240	11 186



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	2011	2010
	R'000	R'000
Health	29 504	37 023
Home Affairs	173 453	149 420
Human Settlements	17 163	17 371
Human Rights Commission	578	792
Independent Complaints Directorate	40 627	7 416
Justice and Constitutional Dev	263 939	217 551
Labour	122 865	99 434
Rural Development & Land Reform	88 839	86 857
Mineral Resources	18 589	25 172
National Prosecuting Authority	29 744	15 674
National Treasury	30 554	33 786
Parliament	244	-
Public Enterprises	4 263	4 712
Public Protector	4 018	2 507
Public Service and Administration	30 964	25 249
Public Service Commission	6 278	10 369
Public Works	183 319	93 072
PALAMA	14 384	12 948
SA Police Services	837 162	760 370
SAMAF	744	1 487
SARS	-	-
SASSA	77 737	70 976
Science and Technology	26	103
Social Development	19 860	17 843
Sports and Recreation	6 913	8 811
Statistics SA	95 901	80 365
Trade and Industry	3 130	5 590
Transport	14 851	14 691
Tourism	504	-
Water Affairs	116 590	99 451
TOTAL	2 734 305	2 404 867

	2011	2010	2009
	R'000	R'000	R'000
Government Grants			
Department of Public Works	612 967	588 326	528 000

Related party outstanding balances	Nature of Relationship	Amount	Balance at 31 March 2011
		R'000	R'000
Vusi Mashiane	Member of senior management	98	-
Nokwazi W Zulu	Member of senior management	27 362	26 268
Phelevani P Cwinza	Member	360 000	-
Neeltje C van der Hoven	Director	360 000	-



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16. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks: credit risk and liquidity risk.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 187 203	-	-	-
At 31 March 2010				
Trade and other payables	934 936	-	-	-

INTEREST RATE RISK

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

CREDIT RISK

Credit risk consists mainly of trade debtors.

Trade receivables comprise of receivables from different government departments. Management evaluated credit risk relating to customers on an ongoing basis. As all the client departments are government entities, credit risk arising from such exposures is minimal.



CHAPTER 4: HUMAN RESOURCE MANAGEMENT

EPWP Pothole Rehabilitation Programme



4. HUMAN RESOURCE MANAGEMENT

4.1 SERVICE DELIVERY

Table 1.1 – Main services provided and standards: labour relations

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Management of grievances	Employees	Prospective employees	Resolve grievance within 30 days	Number of resolved grievance
Management of misconduct cases	Employees	Prospective employees	-Line managers to submit a preliminary report within 5 days from the date of incident -60 days of suspension if any -30 days or less to finalize investigation -Disciplinary hearing to be held within 10 working days from the date of notice -5 working days to communicate the outcome 30 days to consider appeals	Number of Finalised misconduct cases
Management and prevention of disputes	Employees	Prospective employees	-90 days to declare and deal with dispute of unfair labour practice -30 days to declare and deal with dispute of unfair dismissal	Reduction in number of dispute lodged
Enforcement of collective agreement and facilitation of policy development	Labour Line managers	Employees Employees	30 days for ratification of collective agreement by council	Number of collective agreements concluded /ratified and policies developed
Management of collective bargaining processes	Labour	Employees	DBC meetings and forum	Number of meetings held

Table 1.2 – Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Established forums	labour	Employees	Functional forums
Established committees	labour	Employees	Functional committees

Table 1.3 – Service delivery access strategy

Access Strategy	Actual achievements
Information sharing and consultation	Minimum or reduced conflicts in the department

Table 1.4 – Service information tool

Types of information tool	Actual achievements
Labour legislations and related prescripts	Compliance with the Act and other related prescripts
GPSSBC collective agreements and governance rules	Compliance with collective agreements and the rules



Human Resources

PSCBC collective agreements and rules	Compliance with collective agreements and rules
DPSA directives	Compliance with directives

Table 1.5 – Complaints mechanism

Complaints Mechanism	Actual achievements
Resolution 14 of 2000 – Grievance Rules for the public service	80 – Received 56 – Resolved 24 – Pending

4.2 EXPENDITURE

Departments budget in terms of clearly defined programmes. The following Tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

Table 2.1 – Personnel costs by programme, 2010/11

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of Total expenditure	Average personnel cost per employee (R'000)	Employment
1. Administration	679 455	169 058	1 310		24.9	332	509
2. Immovable Asset Management	4 924 795	850 120	3 367		17.3	198	4 297
3. Expanded Public Works Programme	910 386	64 081	5 187		7.0	345	186
4. Property & Construction Policy Prog	28 029	6 434	20		23.0	460	14
5. Auxillary and Associates Services	24 139	0	0		0.0		0
Total	6 566 804	1 089 693	9 884		16.6	218	5 006

Table 2.2 – Personnel costs by salary bands, 2010/11

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Average personnel cost per employee (R'000)	Number of Employees
Lower skilled (Levels 1-2)	135 789	12.5	117 566	117 566	1155
Skilled (Levels 3-5)	125 819	11.5	100 575	100 575	1251
Highly skilled production (Levels 6-8)	254 506	23.4	207 421	207 421	1227
Highly skilled supervision (Levels 9-12)	404 061	37.1	418 716	418 716	965
Senior management (Levels 13-16)	95 345	8.7	727 824	727 824	131
Contract (Levels 1-2)	3 674	0.3	61 233	61 233	60
Contract (Levels 3-5)	8 896	0.8	247 111	247 111	36
Contract (Levels 6-8)	14 114	1.3	148 568	148 568	95
Contract (Levels 9-12)	32 014	2.9	426 853	426 853	75
Contract (Levels 13-16)	8 963	0.8	814 818	814 818	11
Periodical Remuneration	2 334	0.2	6 395	6 395	365
Abnormal Appointment	4 178	0.4	4 033	4 033	1036
Total	1 089 693	100.0	170 079	170 079	6407



The following Tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the Table provides an indication of the percentage of the personnel budget that was used for these items.

Table 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2010/11

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost per Programme (R'000)
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost	
Programme 1 dwp administration	175 327	103.7	800	0.5	7 695	4.6	9 275	5.5	169 058
Programme 2 dwp immovable asset management	585 139	68.8	9 479	1.1	35 844	4.2	43 889	5.2	850 120
Programme 3 dwp expanded public works programme	45 373	70.8	54	0.1	1 249	1.9	1 605	2.5	64 081
Programme 4 dwp prop & cons indus policy reg	4 729	73.5	0	0	242	3.8	198	3.1	6 434
Total	810 568	74.4	10 333	0.9	45 030	4.1	54 967	5	1 089 693

Table 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2010/11

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost per Salary Band (R'000)
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost	
Lower skilled (Levels 1-2)	87 752	64.6	1 051	0.8	10 650	7.8	14 241	10.5	135 789
Skilled (Levels 3-5)	83 389	66.3	3 457	2.7	9 100	7.2	10 540	8.4	125 819
Highly skilled production (Levels 6-8)	182 677	71.8	2 667	1	9 162	3.6	16 020	6.3	254 506
Highly skilled supervision (Levels 9-12)	313 231	77.5	1 495	0.4	11 458	2.8	12 232	3	404 061
Senior management (Levels 13-16)	79 024	82.9	0	0	4 045	4.2	1 597	1.7	95 345
Contract (Levels 1-2)	3 675	100	0	0	0	0	0	0	3 674
Contract (Levels 3-5)	8 859	99.6	25	0.3	0	0	0	0	8 896
Contract (Levels 6-8)	12 102	85.7	1 606	11.4	19	0.1	61	0.4	14 114
Contract (Levels 9-12)	30 337	94.8	33	0.1	251	0.8	198	0.6	32 014
Contract (Levels 13-16)	7 195	80.3	0	0	346	3.9	78	0.9	8 963
Periodical Remuneration	1	0	0	0	0	0	0	0	2 334
Abnormal Appointment	2 328	55.7	0	0	0	0	0	0	4 178
Total	810 570	74.4	10 334	0.9	45 031	4.1	54 967	5	1 089 693



4.3 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 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

Table 3.1 – Employment and vacancies by programme, 31 March 2011

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Programme 1 dwp administration, Permanent	708	509	28.1	28
Programme 2 dwp immovable asset management, Permanent	5 348	4 297	19.7	47
Programme 3 dwp expanded public works programme, Permanent	292	186	36.3	11
Programme 4 dwp prop & cons indus policy reg, Permanent	21	14	33.3	1
Total	6 369	5 006	21.4	87

Table 3.2 – Employment and vacancies by salary bands, 31 March 2011

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	1 413	1 158	18	2
Skilled (Levels 3-5)	1 447	1 250	13.6	1
Highly skilled production (Levels 6-8)	1 696	1 227	27.7	0
Highly skilled supervision (Levels 9-12)	1 365	964	29.4	5
Senior management (Levels 13-16)	171	130	24	4
Contract (Levels 1-2)	60	60	0	11
Contract (Levels 3-5)	36	36	0	16
Contract (Levels 6-8)	95	95	0	14
Contract (Levels 9-12)	75	75	0	30
Contract (Levels 13-16)	11	11	0	4
Total	6 369	5 006	21.4	87

Table 3.3 – Employment and vacancies by critical occupation, 31 March 2011

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
All artisans in the building metal machinery etc.	102	49	52	0
Architects town and traffic planners	45	35	22.2	4
Artisan project and related superintendents,	55	27	50.9	2
Civil engineering technicians	23	15	34.8	1
Engineers and related professionals, Permanent	347	235	32.3	13
Quantity surveyors & rela prof not class elsewhere,	43	28	34.9	10
Senior managers, Permanent	187	132	29.4	5



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The information in each case reflects the situation as at 31 March 2011. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4.4 JOB EVALUATION

The following Table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The Table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.1 – Job Evaluation, 1 April 2010 to 31 March 2011

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	1413	0	0	0	0	0	0
Contract (Levels 1-2)	60	0	0	0	0	0	0
Contract (Levels 3-5)	36	0	0	0	0	0	0
Contract (Levels 6-8)	95	0	0	0	0	0	0
Contract (Levels 9-12)	75	0	0	0	0	0	0
Contract (Band A)	6	0	0	0	0	0	0
Contract (Band B)	2	0	0	0	0	0	0
Contract (Band C)	1	0	0	0	0	0	0
Contract (Band D)	2	0	0	0	0	0	0
Skilled (Levels 3-5)	1447	8	0.6	1	12.5	0	0
Highly skilled production (Levels 6-8)	1696	17	1	1	5.9	0	0
Highly skilled supervision (Levels 9-12)	1365	39	2.9	3	7.7	0	0
Senior Management Service Band A	119	7	5.9	0	0	0	0
Senior Management Service Band B	42	10	23.8	0	0	0	0
Senior Management Service Band C	8	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Total	6369	81	1.3	5	6.2	0	0

The following Table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2010 to 31 March 2011

Beneficiaries	African	Asian	Coloured	White	Total
Female	15	0	2	7	24
Male	63	0	13	1	77
Total	78	0	15	8	101
Employees with a disability					3

The following Table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.



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Table 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	0	0
N/A	0	0	0	0
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2010/11				0
Percentage of Total employment				0%

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

[If there were no cases where the remuneration bands exceeded the grade determined by job evaluation, use the following Table as Table 4.3]

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2010/ 11	None
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4.5 EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following Tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These “critical occupations” should be the same as those listed in Table 3.3).

Table 5.1 – Annual turnover rates by salary band for the period 1 April 2010 to 31 March 2011

Salary Band	Number of employees per band as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	1 129	56	41	3.6
Skilled (Levels 3-5)	1 323	9	70	5.3
Highly skilled production (Levels 6-8)	1 220	38	28	2.3
Highly skilled supervision (Levels 9-12)	935	28	38	4.1
Senior Management Service Band A	82	4	6	7.3
Senior Management Service Band B	36	0	1	2.8
Senior Management Service Band C	4	1	0	0
Senior Management Service Band D	2	0	1	50
Contract (Levels 1-2)	24	50	21	87.5
Contract (Levels 3-5)	129	27	115	89.1
Contract (Levels 6-8)	36	106	43	119.4



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Salary Band	Number of employees per band as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract (Levels 9-12)	78	21	34	43.6
Contract (Band A)	5	4	5	100
Contract (Band B)	2	0	1	50
Contract (Band C)	1	1	1	100
Contract (Band D)	0	2	0	0
Total	5 006	347	405	8.1

Table 5.2 – Annual turnover rates by critical occupation for the period 1 April 2010 to 31 March 2011

Occupation:	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Architects town and traffic planners, Permanent	17	6	1	5.9
Engineers and related professionals, Permanent	190	23	44	23.2
Quantity surveyors & related prof not class elsewhere, Permanent	42	6	11	26.2
Senior managers, Permanent	94	8	12	12.8
Total	343	43	68	

Table 5.3 identifies the major reasons why staff left the department.

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of Total	
Death	42	10.4	0.8
Resignation	93	23	1.9
Expiry of contract	176	43.5	3.5
Dismissal – operational changes	0		
Dismissal – misconduct	7	1.7	0.1
Dismissal – inefficiency			
Discharged due to ill-health	7	1.7	0.1
Retirement	75	18.5	1.5
Transfers to other Public Service Departments	4	1	0.1
Other			
Total	405	100	8.1
Total number of employees who left as a % of the Total employment			

Table 5.4 – Promotions by critical occupation

Occupation	Employment (filled post)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Architects town and traffic planners	17	1	5.9	0	0
Civil engineering technicians	11	0	0	1	9.1
Engineers and related professionals	190	5	2.6	8	4.2
Quantity surveyors & related prof not class elsewhere	42	1	2.4	11	26.2
Senior managers	94	12	12.8	62	66



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Table 5.5 – Promotions by salary band

Salary Band	Employment (filled post)	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)	1129	4	0.4	1929	170.9
Skilled (Levels 3-5)	1323	4	0.3	473	35.8
Highly skilled production (Levels 6-8)	1220	45	3.7	871	71.4
Highly skilled supervision (Levels 9-12)	935	53	5.7	466	49.8
Senior management (Levels 13-16)	124	13	10.5	87	70.2
Contract (Levels 1-2)	24	0	0	0	0
Contract (Levels 3-5)	129	2	1.6	3	2.3
Contract (Levels 6-8)	36	0	0	7	19.4
Contract (Levels 9-12)	78	4	5.1	7	9
Contract (Levels 13-16)	8	1	12.5	1	12.5
Total	5006	126	2.5	3844	76.8

4.6 EMPLOYMENT EQUITY

The Tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	2	2	1	0	4	0	1	0	10
Senior Management	46	1	1	14	47	3	3	5	120
Professionally qualified and experienced specialists and mid-management	394	52	31	171	248	15	8	45	964
Skilled technical and academically qualified workers, junior management, supervisors, foremen	326	60	5	78	546	39	13	160	1 227
Semi-skilled and discretionary decision making	559	220	6	26	363	70	2	4	1 250
Unskilled and defined decision making	340	97	5	5	621	85	3	2	1 158
Contract (Top Management)	2	0	0	0	1	0	0	0	3
Contract (Senior Management)	5	1	0	0	2	0	0	0	8
Contract (Professionally qualified)	23	0	0	24	22	1	0	5	75
Contract (Skilled technical)	44	2	1	1	46	0	0	1	95
Contract (Semi-skilled)	14	0	0	0	22	0	0	0	36
Contract (Unskilled)	4	1	0	0	50	5	0	0	60
Total	1 759	436	50	319	1 972	218	30	222	5 006

Table 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	2	2	1	0	4	0	1	0	10
Senior Management	46	1	1	14	47	3	3	5	120
Professionally qualified and experienced specialists and mid-management	394	52	31	171	248	15	8	45	964



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Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Skilled technical and academically qualified workers, junior management, supervisors, foremen	326	60	5	78	546	39	13	160	1 227
Semi-skilled and discretionary decision making	559	220	6	26	363	70	2	4	1 250
Unskilled and defined decision making	340	97	5	5	621	85	3	2	1 158
Contract (Top Management)	2	0	0	0	1	0	0	0	3
Contract (Senior Management)	5	1	0	0	2	0	0	0	8
Contract (Professionally qualified)	23	0	0	24	22	1	0	5	75
Contract (Skilled technical)	44	2	1	1	46	0	0	1	95
Contract (Semi-skilled)	14	0	0	0	22	0	0	0	36
Contract (Unskilled)	4	1	0	0	50	5	0	0	60
Total	1 759	436	50	319	1 972	218	30	222	5 006

Table 6.3 – Recruitment for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	0	0	1	0	0	0	0	0	1
Senior Management	3	0	0	0	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management	13	0	0	1	14	0	0	0	28
Skilled technical and academically qualified workers, junior management, supervisors, foremen	17	0	0	0	20	0	1	0	38
Semi-skilled and discretionary decision making	3	0	0	0	5	0	1	0	9
Unskilled and defined decision making	8	0	0	0	48	0	0	0	56
Contract (Top Management)	2	0	0	0	1	0	0	0	3
Contract (Senior Management)	2	1	0	0	1	0	0	0	4
Contract (Professionally qualified)	10	0	0	3	5	1	0	2	21
Contract (Skilled technical)	45	11	1	2	46	0	0	1	106
Contract (Semi-skilled)	13	0	0	0	14	0	0	0	27
Contract (Unskilled)	5	1	0	0	41	3	0	0	50
Total	121	13	2	6	196	4	2	3	347

Table 6.4 – Promotions for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management	0	2	0	0	2	0	1	0	5
Professionally qualified and experienced specialists and mid-management	38	1	1	10	35	2	3	5	95
Skilled technical and academically qualified workers, junior management, supervisors, foremen	207	17	15	54	177	11	8	30	519
Semi-skilled and discretionary decision making	237	39	6	41	406	28	11	148	916
Unskilled and defined decision making	184	49	4	20	190	21	2	7	477
Contract (Senior Management)	724	235	9	15	812	132	3	3	1933
Contract (Professionally qualified)	1	0	0	0	1	0	0	0	2
Contract (Skilled technical)	2	0	0	0	9	0	0	0	11
Contract (Semi-skilled)	3	0	0	0	4	0	0	0	7
Contract (Unskilled)	3	0	0	0	2	0	0	0	5
Total	1399	343	35	140	1638	194	28	193	3970



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	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Employees with disabilities	13	7	1	8	4	2	0	6	41

Table 6.5 – Terminations for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	0	1	0	0	0	0	0	0	1
Senior Management	4	0	0	1	2	0	0	0	7
Professionally qualified and experienced specialists and mid-management	15	1	1	11	9	0	0	1	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen	9	2	0	2	7	2	0	6	28
Semi-skilled and discretionary decision making	30	11	1	3	21	3	0	1	70
Unskilled and defined decision making	17	2	0	1	17	4	0	0	41
Contract (Top Management)	0	1	0	0	0	0	0	0	1
Contract (Senior Management)	2	0	0	1	1	0	1	1	6
Contract (Professionally qualified)	11	1	0	6	13	2	0	1	34
Contract (Skilled technical)	11	11	0	2	19	0	0	0	43
Contract (Semi-skilled)	66	0	0	0	48	1	0	0	115
Contract (Unskilled)	4	0	0	0	15	0	2	0	21
Total	169	30	2	27	152	12	3	10	405

Table 6.6 – Disciplinary action for the period 1 April 2010 to 31 March 2011

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	16	5	0	3	8	1	1	0	34

Table 6.7 – Skills development for the period 1 April 2010 to 31 March 2011

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian
Legislators, Senior Officials and Managers	58	3	0	11	57	3	4
Professionals	68	9	4	29	69	5	0
Technicians and Associate Professionals	28	2	0	5	8	0	0
Clerks	51	6	0	1	166	12	0
Service and Sales Workers	11	2	0	0	3	1	0
Skilled Agriculture and Fishery Workers	18	18	0	3	7	3	0
Plant and Machine Operators and Assemblers	0	1	0	0	0	0	0
Elementary Occupations	18	30	0	0	7	4	0
Total	252	71	4	49	317	28	4
Employees with disabilities	1	0	0	0	3	0	0



4.7 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 7.1 – Performance Rewards by race, gender, and disability, 1 April 2010 to 31 March 2011

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	1 289	1 966	65.6	5 328	4 134
African, Male	1 099	1 746	62.9	4 762	4 333
Asian, Female	21	30	70	146	6 970
Asian, Male	29	49	59.2	195	6 717
Coloured, Female	123	215	57.2	621	5 052
Coloured, Male	190	426	44.6	847	4 457
Total Blacks, Female	1 433	2 211	64.8	6 096	4 254
Total Blacks, Male	1 318	2 221	59.3	5 804	4 404
White, Female	166	215	77.2	1 209	7 283
White, Male	86	303	28.4	688	8 000
Employees with a disability	31	56	55.4	138	4 450
Total	3 034	5 006	60.6	13 935	4 593

Table 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011

Salary Band	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	825	1 154	71.5	1 877	2 275
Skilled (Levels 3-5)	947	1 251	75.7	2 646	2 794
Highly skilled production (Levels 6-8)	785	1 227	64	4 393	5 596
Highly skilled supervision (Levels 9-12)	463	965	48	4 892	10 566
Contract (Levels 1-2)	0	60	0	0	0
Contract (Levels 3-5)	0	36	0	0	0
Contract (Levels 6-8)	4	95	4.2	22	5 500
Contract (Levels 9-12)	8	75	10.7	62	7 750
Periodical Remuneration	0	365	0	0	0
Abnormal Appointment	0	1 036	0	0	0
Total	3 032	6 264	48.4	13 892	4582

Table 7.3 – Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within occupation	Total Cost (R'000)	Average cost per employee
Architects town and traffic planners	0	22	0	0	0
Engineering and related professionals	6	178	3.4	80	13 333
Quantity surveyors and related professionals	3	33	9.1	48	16 000
Senior Managers	0	100	0	0	0



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Table 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the Total personnel expenditure
	Number of beneficiaries	Number of employees	% of Total within band			
Band A	0	91	0	0	0	0
Band B	0	38	0	0	0	0
Band C	0	9	0	0	0	0
Band D	0	4	0	0	0	0
Total	0	142	0	0	00	0



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4.8 FOREIGN WORKERS

The Tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The Tables also summarise changes in the Total number of foreign workers in each salary band and by each major occupation.

Table 4.8.1 – Foreign Workers, 1 April 2010 to 31 March 2011, by salary band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Lower skilled (Levels 1-2)	3	7	2	5.1	-1	5.1	43	39	-4
Highly skilled supervision (Levels 9-12)	3	7	4	10.3	1	10.3	43	39	-4
Senior management (Levels 13-16)	3	7	3	7.7	0	0	43	39	-4
Contract (Levels 9-12)	34	79.1	30	76.9	-4	100	43	39	-4
Total	43	100	39	100	-4	100	43	39	-4

Table 4.8.2 – Foreign Worker, 1 April 2010 to 31 March 2011, by major occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Elementary occupations	3	7	2	5.1	-1	5.1	43	39	-4
Professionals and managers	40	93	37	94.9	-3	75	43	39	-4
Total	43	100	39	100	-4	100	43	39	-4



4.9 LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2010 TO 31 DECEMBER 2010

The following Tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

Table 9.1 – Sick leave, 1 January 2010 to 31 December 2010

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 days with medical certification
Lower skilled (Levels 1-2)	7 834.5	85.1	791	20.8	10	1 723	6 670
Skilled (Levels 3-5)	8 358	82.2	914	24	9	2 239	6 873
Highly skilled production (Levels 6-8)	11 001	79.9	1 105	29	10	5 749	8 794
Highly skilled supervision (Levels 9-12)	6 190	79.4	754	19.8	8	8 179	4 912
Senior management (Levels 13-16)	711	78.9	94	2.5	8	1 961	561
Contract (Levels 1-2)	76	92.1	13	0.3	6	16	70
Contract (Levels 3-5)	252.5	58.2	62	1.6	4	71	147
Contract (Levels 6-8)	163	65.6	33	0.9	5	82	107
Contract (Levels 9-12)	188.5	58.9	35	0.9	5	221	111
Contract (Levels 13-16)	42	71.4	10	0.3	4	119	30
Total	34 817.5	81.2	3 812	100	9	20 360	28 276

Table 9.2 – Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010

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)
Lower skilled (Levels 1-2)	286	100	11	26.2	26	65
Skilled (Levels 3-5)	430	100	10	23.8	43	116
Highly skilled production (Levels 6-8)	374	100	10	23.8	37	197
Highly skilled supervision (Levels 9-12)	794	100	11	26.2	72	1 092
Total	1 884	100	42	100	45	1 470

Table 9.3 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.



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Table 9.3 – Annual Leave, 1 January 2010 to 31 December 2010

Salary Band	Total Days Taken	Average days per Employee
Lower skilled (Levels 1-2)	22526	20
Skilled (Levels 3-5)	28442.72	22
Highly skilled production (Levels 6-8)	26831.84	21
Highly skilled supervision (Levels 9-12)	21099	22
Senior management (Levels 13-16)	2745	20
Contract (Levels 1-2)	209	10
Contract (Levels 3-5)	1023.92	10
Contract (Levels 6-8)	662	10
Contract (Levels 9-12)	844.92	16
Contract (Levels 13-16)	142	14
Total	104526.4	21

Table 9.4 – Capped leave, 1 January 2010 to 31 December 2010

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010
Lower skilled (Levels 1-2)	73	3	44
Skilled (Levels 3-5)	463	5	71
Highly skilled production (Levels 6-8)	321	6	43
Highly skilled supervision (Levels 9-12)	321	6	56
Senior management (Levels 13-16)	30	8	50
Total	1 208	5	58

Table 9.5 – Leave payouts for the period 1 April 2010 to 31 March 2011

The following Table summarises payments made to employees as a result of leave that was not taken.

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2010/11 due to non-utilisation of leave for the previous cycle	4	1	4 000
Capped leave payouts on termination of service for 2010/11	1 853	244	7 594
Current leave payout on termination of service for 2010/11	618	97	6 371
Total	2 475	342	7 237

4.10 HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Low level employees	Employee workshops
	Establishment of Peer educators
	Establishment of Wellness Committees
	Voluntary Counseling and Testing
	Condom distribution



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Table 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Director: Organizational Development, Ms Lindiswa Skhosana	
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Two Units in place, Advocacy and Support and Employee Wellness	
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Responsive Programs Addressing psycho- social health and wellness issues Change Management interventions	
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.	Wellness committees are established in all Regions	
5. Has the department reviewed its employment policies and practices 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.	HIV and AIDS Policy is very clear on human rights issues and fair labour practices	
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.	The departmental HIV and AIDS Policy addresses human rights issues Awareness and Education programmes Use of peer educators as stigma busters	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	The department collaborates with the Department of Health and NGOs in providing in house opportunities for Voluntary Counselling and Testing	
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	<ul style="list-style-type: none"> - Utilisation rate of Health and Wellness services - Number of employees attending wellness events - Number of wellness events, workshops and training conducted - Sick leave utilisation (reduction) - Number of employees living openly with HIV 	

4.11 LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

Table 11.1 – Collective agreements, 1 April 2010 to 31 March 2011

Subject Matter	Date
There were no collective agreements for the above period concluded, e.g in the Departmental Bargaining Chamber	

If there were no agreements, then use the following Table

Total collective agreements	None
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The following Table summarises the outcome of disciplinary hearings conducted within the department for the year under review.



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Table 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011

Outcomes of disciplinary hearings	Number	% of Total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	2	6
Suspended without pay	18	53
Fine	0	0
Demotion	0	0
Dismissal	6	18
Not guilty	5	15
Case withdrawn		
Awaiting sanction from the Chairperson	2	6
Total	34	98

If there were no disciplinary hearings, then use the following Table

Outcomes of disciplinary hearings	Number	% of Total	Total
Total	34	100	34

If there were no disciplinary hearings, then use the following Table

Disciplinary hearings – 2010/11	
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Table 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	Percentage of Total
Absent from work without reason or permission	1	2.00%
Sexual harassment	2	6.00%
Steals bribes or commits fraud	10	29.00%
Use of abusive language	1	2.00%
Displayed disrespectful, disgraceful and unacceptable behaviour	2	6.00%
Abuse of state vehicle	5	15.00%
Gross negligence of duty	3	9.00%
Failure to comply with policy or procedures	8	24.00%
Insubordination	1	2.00%
Drinking on duty	1	2.00%
Total	34	100

Table 11.4 – Grievances lodged for the period 1 April 2010 to 31 March 2011

Number of grievances addressed	Number	Percentage of Total
Number of grievances not resolved	7	50
Number of grievances resolved	7	50
Total number of grievances lodged	14	100



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Table 11.5 – Disputes lodged with Councils for the period 1 April 2010 to 31 March 2011

	Number	% of Total
Number of disputes upheld	17	85.00%
Number of disputes dismissed	3	15.00%
Total number of disputes lodged	20	100%

Table 11.6 – Strike actions for the period 1 April 2010 to 31 March 2011

Total number of person working days lost	969
Total cost (R'000) of working days lost	R318 419.15
Amount (R'000) recovered as a result of no work no pay	R270 501.01

Table 11.7 – Precautionary suspensions for the period 1 April 2010 to 31 March 2011

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	159
Cost (R'000) of suspensions	1 159 969.60

4.11 SKILLS DEVELOPMENT

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

Table 12.1 – Training needs identified 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	46	20	94	12	126
	Male	58	20	85	7	112
Professionals	Female	188	11	128	48	187
	Male	387	6	137	24	167
Technicians and associate professionals	Female	618	35	115	62	212
	Male	483	11	147	43	201
Clerks	Female	409	2	106	26	134
	Male	183	3	88	19	110
Service and sales workers	Female	25	0	16	3	19
	Male	74	0	6	6	12
Craft and related trades workers	Female	26	0	0	0	0
	Male	258	0	0	0	0
Plant and machine operators and assemblers	Female	4	0	18	12	30
	Male	53	0	12	3	15
Elementary occupations	Female	1 126	0	53	17	70
	Male	1 068	0	33	13	46
Sub Total	Female	2 442	68	530	180	778
	Male	2 564	40	508	115	663
Total		5 006	108	1038	295	1 441



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Table 12.2 – Training provided 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training provided within the reporting period			
			Leaverships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	46	0	77	13	90
	Male	58	0	67	27	94
Professionals	Female	188	0	111	19	130
	Male	387	0	151	14	165
Technicians and associate professionals	Female	618	0	11	3	14
	Male	483	0	64	13	77
Clerks	Female	409	0	266	34	300
	Male	183	0	104	4	108
Service and sales workers	Female	25	0	8	0	8
	Male	74	0	13	2	15
Craft and related trades workers	Female	26	0	4	0	4
	Male	258	0	94	0	94
Plant and machine operators and assemblers	Female	4	0	0	0	0
	Male	53	0	1	0	1
Elementary occupations	Female	1 126	0	62	0	62
	Male	1 068	0	70	0	70
Sub Total	Female	2 442	0	539	69	608
	Male	2 564	0	564	60	624
Total		5 006	0	1 103	129	1 232

4.12 INJURY ON DUTY

The following Tables provide basic information on injury on duty.

Table 13.1 – Injury on duty, 1 April 2010 to 31 March 2011

Nature of injury on duty	Number	% of Total
Required basic medical attention only	21	58.3
Temporary Total Disablement	15	41.7
Permanent Disablement	0	0
Fatal	0	0
Total	36	100

4.13 UTILISATION OF CONSULTANTS

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Training Provider EPWP: Capacity Building Training Provider	1	720 Days	R 486 000.00
Service Provider for Development of a Socio-Economic Model on DPW Construction Expenditure	1	140 Days	R 1 119 588.00
Service provider for the provision of Expanded Public Works Programme, phase 2	1	240 Days	R 2 482 464.00
Alignment of Organisational Structure Department of Public Works	1	35 Days	R 477 517.00



Human Resources

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
External Technical support to EPWP sectors	1	60 Days	R 1 999 913.40
Update and revision of accommodation charges (State Owned)	1	40 Days	R 1 008 786.00
Assessor training of EPWP officials	1	15 Days	R 159 600.00
Service provider for the provision of Project Management National Youth Service (NYS) programme	1	480 Days	R 7 889 803.20
Service provider to undertake a Property Performance Standard Test	1	200 Days	R 360 126.00
Service provider for Capacity Building and project EPWP, National Youth service programme	1	480 Days	R 11 189 692.80
Survey of Farm 275 Dab-Daba Outspan - EL	1	30 Days	R21 639.20

N.B Total number of consultants that worked on a project refers to company not individual consultants

Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Training Provider EPWP: Capacity Building Training Provider	100%	100%	6
Service Provider for Development of a Socio-Economic Model on DPW Construction Expenditure	26%	26%	3
Service provider for the provision of Expanded Public Works Programme, phase 2	78%	78%	3
Alignment of Organisational Structure Department of Public Works	50%	50%	3
External Technical support to EPWP sectors	0%	0%	6
Update and revision of accommodation charges (State Owned)	0%	0%	13
Assessor training of EPWP officials	N/A (exempted in terms of PPPFA regulations 5(b))	N/A (exempted in terms of PPPFA regulations 5(b))	1
Service provider for the provision of Project Management National Youth Service (NYS) programme	100%	100%	5
Service provider to undertake a Property Performance Standard Test	0%	0%	3
Service provider for the Capacity Building and Project Management EPWP, National Youth Service Programme (NYSP)	100%	100%	6
Survey of Farm 275 Dab-Daba Outspan - EL	0%	0%	1

Table 14.3 – Report on consultant appointments using Donor funds

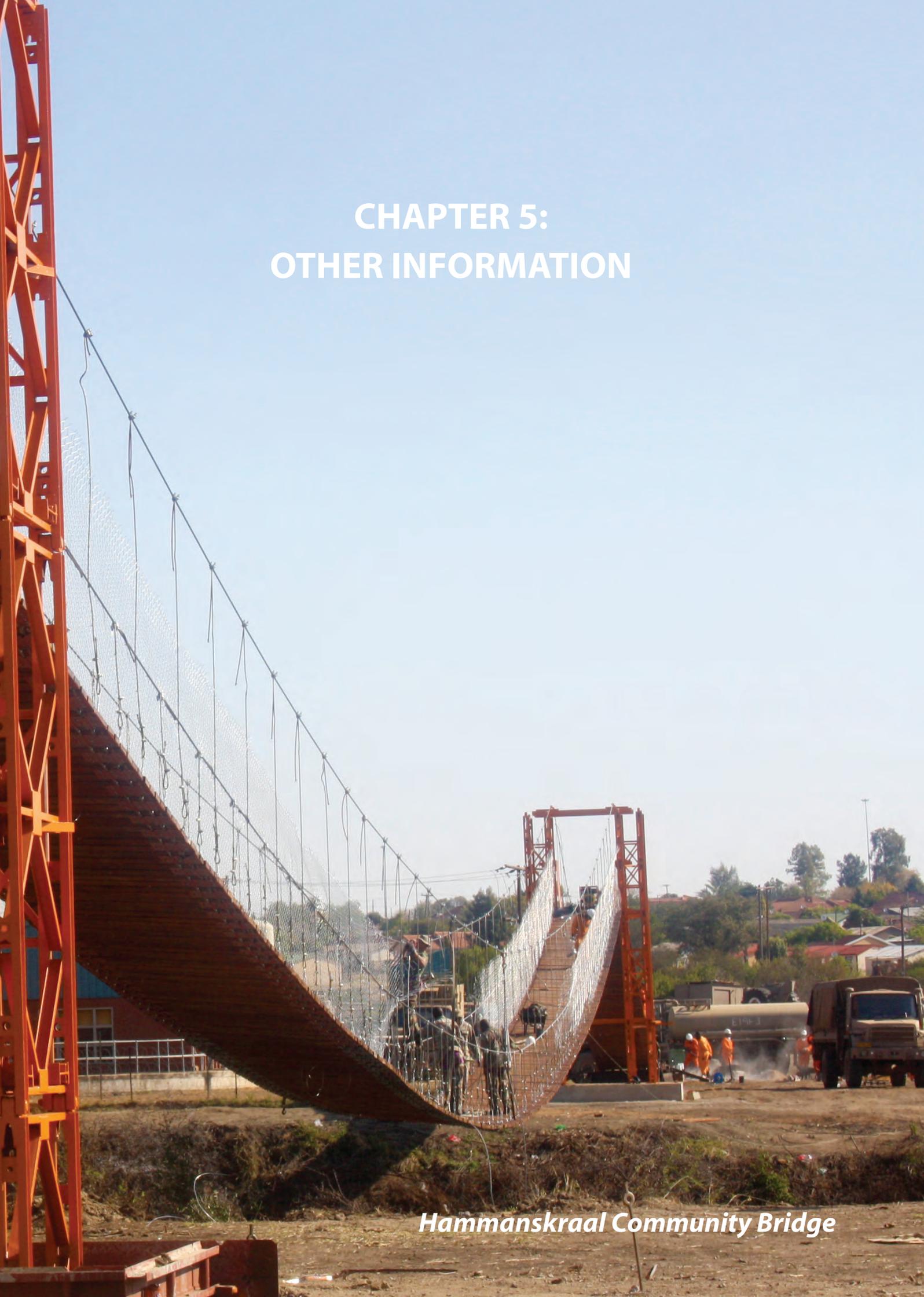
Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
NOT APPLICABLE			

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
NOT APPLICABLE			



CHAPTER 5: OTHER INFORMATION



Hammanskraal Community Bridge



Other Information

5. OTHER INFORMATION

GLOSSARY

FULL DESCRIPTION	ACRONYM
Adult Basic Education and Training	ABET
Agrément South Africa	ASA
Asset Register Management	ARM
Black Economic Empowerment	BEE
Business Continuity Plan	BCP
Client Relationship Management	CRM
Community Based Organisations	CBOs
Community Works Programme	CWP
Construction Industry Development Board	CIDB
Continued Professional Development	CPD
Contractor Incubator Programme	CIP
Council for Built Environment	CBE
Custodian Asset Management Plan	CAMP
Department of International Relations and Cooperation	DIRCO
Department of Public Works Intergovernmental Forum	DPWNIF
Division of Revenue Act	DORA
Document Management System	DMS
Early Childhood Development	ECD
Economic and Employment Cluster	EEC
Employee Development and Management System	EDMS
Employment Skills Development Agency	ESDA
Expanded Public Works Programme	EPWP
Generally Accepted Accounting Principles	GAAP
Generally Recognised Accounting Practice	GRAAP
Geographical Information System	GIS
Government Immovable Asset Management Act	GIAMA
Head of Department	HOD
Home Community Based Care	HCBC
Human Resource Development	HRD
Independent Development Trust	IDT
Industrial Policy Action Plan	IPAP
Information Communication & Technology	ICT
Information Technology	IT
Infrastructure Delivery Improvement Programme	IDIP
Information Technology Acquisition	ITAC
Information Technology Procurement	ITP
Institute of Internal Auditors	IIA
Integrated Growth Plan	IGP
Key Account Management	KAM
Land Redistribution Agricultural Development	LRAD
Logistical Information System	LOGIS
Medium Term Expenditure Framework	MTEF
Medium Term Strategic Framework	MTSF



Other Information

FULL DESCRIPTION	ACRONYM
Middle Management Services	MMS
Millennium Development Goals	MDGs
Municipal Infrastructure Grant	MIG
National Contractor Development Programme	NCDP
National Infrastructure Maintenance Strategy	NIMS
Pan African Parliament	PAP
Performance Based Building	PBB
Performance Management and Development System	PMDS
Portfolio Performance and Monitoring	PPM
Property Charter Council	PCC
Property Incubator Programme	PIP
Property Management Information System	PMIS
Property Management Trading Entity	PMTE
Property Performance Standards	PPS
Public Finance Management Act	PFMA
Recognition of Prior Learning	RPL
Senior Management Services	SMS
Service Delivery Standards	SDS
Service Level Agreement	SLA
Software Asset Management	SAM
Spatial Development Framework	SDF
User Asset Management Plan	UAMP
Virtual Private Network	VPN
Web Based Reporting Systems	WBS
Workplace Skills Plan	WSP
Works Control System	WCS

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