



# ANNUAL REPORT

## 2022 – 2023



public works  
& infrastructure

Department:  
Public Works and Infrastructure  
REPUBLIC OF SOUTH AFRICA

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## List of Abbreviations

FULL DESCRIPTION	ACRONYM	FULL DESCRIPTION	ACRONYM
Accounting Standards Board	ASB	Information Technology Acquisition	ITAC
Adult Basic Education and Training	ABET	Information Technology Procurement	ITP
Annual Financial Statement	AFS	Infrastructure Development Act, No 23 of 2014, as amended	IDA
Agrément South Africa	ASA	Infrastructure South Africa	ISA
Annual Performance Plan	APP	Land Redistribution Agricultural Development	LRAD
Assets under construction	AUC	Logistical Information System	LOGIS
Business Intelligence	BI	Memorandum of Understanding	MOU's
Built Environment Professionals	BEP	Medium Term Budget Policy Statement	MTBPS
Border Control Operating Coordinating Committee	BCOCC	Medium Term Expenditure Framework	MTEF
Asset Register Management	ARM	Medium Term Strategic Framework	MTSF
Basic Accounting System	BAS	Middle Management Services	MMS
Black Economic Empowerment	BEE	Millennium Development Goals	MDGs
Broad-Based Black Economic Empowerment	BBBEE	Municipal Infrastructure Grant	MIG
Built Environment Professions	BEPs	Management Information System	MIS
Business Continuity Plan	BCP	Non-Governmental Organisations	NGOs
Client Relationship Management	CRM	Non-Profit Organizations	NPOs
Community Based Organisations	CBOs	National Contractor Development Programme	NCDP
Construction Contact Centres	CCC's	National Economic Development And Labour Council	NEDLAC
Community Works Programme	CWP	National Infrastructure Maintenance Strategy	NIMS
Construction Industry Development Board	CIDB	National Youth Service	NYS
Continued Professional Development	CPD	Occupational Specific Dispensation	OSD
Contractor Incubator Programme	CIP	Occupational Health and Safety Act	OHSA
Council for Built Environment	CBE	Pan African Parliament	PAP
Custodian Asset Management Plan	CAMP	Performance Based Building	PBB
Department of Cooperative Governance and Traditional Affairs	COGTA	Public Finance Management Act	PFMA

FULL DESCRIPTION	ACRONYM	FULL DESCRIPTION	ACRONYM
Capital Works Implementation Programme	CWIP	Performance Management and Development System	PMDS
Department of International Relations and Cooperation	DIRCO	Planned Maintenance Implementation Programme	PMIP
Department of Public Works and Infrastructure	DPWI	Portfolio Performance and Monitoring	PPM
Department of Water Affairs	DWA	Property Charter Council	PCC
Department of Public Works Intergovernmental Forum	DPWNIF	Property Incubator Programme	PIP
Department of Rural Development and Land Reform	DRDLP	Property Management Information System	PMIS
Division of Revenue Act	DORA	Property Management Trading Entity	PMTE
Document Management System	DMS	Property Performance Standards	PPS
Engineering Council of South Africa	ECSA	Public Finance Management Act	PFMA
Early Childhood Development	ECD	Parliamentary Villages	PV
Economic and Employment Cluster	EEC	Regulatory Impact Assessment	RIA
Employee Development and Management System	EDMS	Recognition of Prior Learning	RPL
Estimates of National Expenditure	ENE	South African Local Government Association	SALGA
Employment Skills Development Agency	ESDA	Supply Chain Management	SCM
Expanded Public Works Programme	EPWP	Key Account Management	KAM
Executive Management Committee Meeting	EXCO	Implement Service Delivery Improvement Programme	SDIP
Full Time Equivalent	FTE	Senior Management Services	SMS
Facilities Management	FM	Service Delivery Standards	SDS
Financial Year	FY	Service Level Agreement	SLA
Generally Accepted Accounting Principles	GAAP	Software Asset Management	SAM
Generally Recognised Accounting Practice	GRAP	Strategic Plan	SP
Geographical Information System	GIS	Strategic Performance Management	SPM
Government Immovable Asset Management Act	GIAMA	State of the Nation Address	SONA
Head of Department	HOD	State Owned Entities	SOE's
Home Community Based Care	HCBC	Spatial Development Framework	SDF
Human Resource Development	HRD	User Asset Management Plan	UAMP
Immovable Asset Register	IAR	Union Building	UB

FULL DESCRIPTION	ACRONYM	FULL DESCRIPTION	ACRONYM
Independent Development Trust	IDT	International Union of Architects	UIA
Integrated Risk Management Framework	IRMF	User Requirement Specification	URS
Industrial Policy Action Plan	IPAP	Virtual Private Network	VPN
Information Communication & Technology	ICT	Voice over internet protocol	VOIP
Integrated Financial Management System	IFMS	Web Based Reporting Systems	WBS
Information Technology	IT	Workplace Skills Plan	WSP
Infrastructure Delivery Improvement Programme	IDIP	Works Control System	WCS

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## CHAPTER 1

### GENERAL INFORMATION

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#### 1.1 Foreword by the Minister



*With the external pressure and ever changing environment, we are repositioning the Department as an Implementing Agent of Choice that will see us strengthen our role in poverty alleviation, job creation, and economic transformation to support the implementation of priorities in the Economic Recovery and Reconstruction Plan (ERRP).*

The last couple of years have been difficult especially within the construction sector. In any economy, the construction sector plays a crucial role. It contributes to the GDP through the development of social and economic infrastructure. However, in the last couple of years, this sector has experienced extended periods of negative growth due to the lack of sufficient working capital in many construction companies, increased competition in the sector resulting in low margins, volatility in commodity prices and the exchange rate limiting the expansion of many contractors into new markets. Further complicating the situation was the COVID-19 pandemic. In what can arguably be described as systemic extortion, local business forums started invading construction sites across the country, demanding money or stakes in development projects. These disruptions affected a large number of construction projects across the country. Invasions have continued at construction sites throughout South Africa since then.

The Department, through Infrastructure South Africa, will try to boost the economy by implementing the Infrastructure Investment Plan approved by Cabinet in May 2020. The infrastructure plan focuses on a number of sectors and projects such as the Green Hydrogen Projects, foundational infrastructure networks in energy, water and sanitation, transport as well as digital communications infrastructure. Other projects cover human settlements, agriculture, and agro-processing. These projects have the potential to create the much needed jobs in the country.

In terms of the management of property, the Department's leasing portfolio has experienced challenges owing to the unavailability of ready to use government properties. To this end, user departments preferred to use leased properties and consequently ballooned the budget to over R5 billion per annum. To reduce the department's leasing in portfolio, discussion of the Refurbishment, Operate and Transfer (ROT) programme have ensued. The Department has also significantly reduced the month- to- month leases.

In the past, maintaining the asset register has been a challenge. In accordance with norms and standards, the asset values and space measurements are updated in the assets register to improve its quality. Immovable assets registers for provincial and municipal governments are also being updated. We have had adverse audit findings in the past on the Immovable asset register. As at the end of March 2023, I am pleased to announce that the Department has improved from a disqualification in the previous financial year to an unqualified audit opinion. This is tremendous milestone and we hope to continue the good work and maintain this going forward.

In support of the land reform initiatives, the Department provides land for subsistence farming and food security. This is done the release of land parcels. Further, land parcels are released to the relevant agencies for the construction of roads and other parcels released to Eskom for the construction of generation, transmission and distribution power lines.

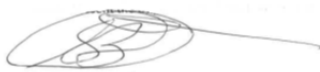
The Department has also made some progress with regard to small harbours. The repair and maintenance programme of the 13 Proclaimed Fishing Harbours is underway and to date it has empowered over 100 SMMEs in the Western Cape. The next phase is to identify opportunities for establishing small harbours in the Eastern Cape (EC), KwaZulu-Natal (KZN) and the Northern Cape (NC). For us to move with speed, we look at partnering with various sectors and funders to assist conducting feasibility studies aimed at developing marine infrastructure of these coastal communities.

As EPWP marks 20 years since its inception, we conduct a thorough review ensure that the programme develops clear, become more impactful with a clear exit strategies. The Department is preparing to conclude on EPWP Phase 5. Draft proposal has been developed and consultations underway with lead sector departments and EPWP provincial coordinating departments.

With the external pressure and ever changing environment, we are repositioning the Department as an Implementing Agent of Choice that will see us strengthen our role in poverty alleviation, job creation, and economic transformation to support the implementation of priorities in the Economic Recovery and Reconstruction Plan (ERRP). Attention will be given to contract management through capacity building, risk management, and continuous monitoring of projects. The War Room approach and Project Management Units (PMUs) will help fast track the implementation of projects. Infrastructure South Africa (ISA) continues to be our special purpose vehicle that will focus on ensuring that we have well packaged projects that are financially viable, catalytic in impact and are delivered on time with all stakeholders meeting their commitments. Our supply chain, legal and other line function units as well as departments will engage regularly to address all transversal challenges.

I want to take this opportunity to thank the Deputy Minister for her support and assistance in overseeing the Department and leading change management. Further, would like to thank the acting Director General, the Executive Management and Staff for their hard work and contributions to the Department in the year under review.

I hereby present the Department of Public Works and Infrastructure's Annual Report for the 2022/23.



**Mr Sihle Zikalala, MP**  
**Minister of Public Works and Infrastructure**



## 1.2 Statement by the Deputy Minister



***The Department continues to build infrastructure that will increase the sense of safety for women, girls, and children. The speed of infrastructure delivery should comfort the victims and ensure that they do not feel that justice is forever delayed for them, compounding their fears and even worsening secondary victimisation***

The Department of Public Works and Infrastructure is supported by its public entities to deliver on its mandate and strategy. The Department's strategy has seven outcomes most of which are shared and championed by the entities. These public entities play an important role in concretising our tasks of providing policy leadership to the wider construction and property sectors. They entities act as the implementing agents of our policy directives.

The Construction Industry Development Board (CIDB) has a B.U.I.L.D Programme which is the first mass scale developmental initiative for the South African construction industry. It seeks to support skills development, the professionalisation of the industry, and enterprise development. As at the end of March 2023, about 3000 projects were registered in the Register of Projects and 100% contractors registered in the Register of Contractors.

The Council for the Built Environment (CBE) continues to support the transformation agenda of the built environment. To this end, the CBE has developed Transformation Collaborative Committees to guide its contribution to the national imperative to make the industry reflect the national demographics at all levels, including in employment, management, and ownership.

On skills development and capacitation of the state, 36 District Municipalities were supported through monitoring the implementation of the Built Environment Structured Candidacy Programme. About Six Work Integrated Learning Programme (WIL) students were placed for practical work experience during the financial year. This programme was instituted to provide access to a workplace to assist students to meet the set qualification requirements.

The Agrément South Africa (ASA) deals with alternative construction methods, ensuring that new and innovative construction materials are safe, durable, and meet the required standards. In the financial year under review, ASA completed the certification of projects, conducted quality reviews on innovative construction materials and systems and completed a research on eco-labelling specifications. In addition, ASA conducted a feasibility study for the development and implementation of a DPWI Green Building Rating Tool (GBRT). The tool will be used to recognise and reward environmental leadership in the property industry.



The Independent Development Trust (IDT) plays an important role of delivering infrastructure programmes and projects, especially in rural communities. It also supports localization, cooperatives, SMMEs, and local employment. About 75% of the projects were completed within budget, 18 new or replacement facilities completed complied with infrastructure norms, 31 non-greenfield social infrastructure facilities completed also complied with infrastructure norms. In terms of spending, 45% weighted B-BBEE (Based on total programme spend) was spent in the period under review. A total of 124 contractors participated in the IDT Contractor Development Programme (CDP) of which 55% were Women Contractors and 42% were youth contractors. At the end of the financial year, about 3 187 construction work opportunities were created through the IDT Portfolio and a further 117 278 work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio).

The Expanded Public Works Programme (EPWP) is tasked with providing relief to the citizenry of our country, especially the unemployed of our country. In this regard, the EPWP programme provides short-term relief through work opportunities in a variety of sectors. These work opportunities are in structured sectors and ensure that participants are skilled in those sectors whilst they get a basic set stipend. In the period under review, the programme incentivised the Provincial Departments to expand work creation efforts through the use of labour-intensive delivery methods in road maintenance and the maintenance of buildings, low traffic volume roads and rural roads, other economic and social infrastructure, tourism and cultural industries, sustainable land based livelihoods and waste management. The programme is well on track towards achieving the 5 million work opportunities. Going forward, a clear exit strategy for all participants will be developed.

A few challenges were experienced in the financial year under review such as delays in implementation of grant projects by public bodies that resulted in underspending of the grant allocation, delays in submitting performance reports and reporting of projects on the EPWP Reporting System and poor and under-reporting of work opportunities by public bodies. In addressing these challenges, the Department will continue to conduct workshops to provide the understanding of the EPWP Integrated Grant and compliance requirements to the Division of Revenue Act, 2022 and provide technical support to public bodies to ensure better planning and implementation of projects.

The fight against Gender-Based Violence (GBV) cannot be an event. The Department continues to build infrastructure such as police stations and courts that will increase the sense of safety for women, girls, and children. The speed at which we deliver such infrastructure should send a message to all victims and women in general not to feel that justice is forever delayed for them, compounding their fears and even worsening secondary victimisation. We are working with the Department of Social Development and Provincial departments to provide properties that can be used to house victims who have suffered abuse.

Internally in the Department, we continue our efforts to stabilise the leadership and management. The Department sits at 11% vacancy rate, 1% short of the baseline determined by the Department of Public Service and Administration (DPSA). In terms of Women in senior management positions, we are reporting a 40.88% participation. The Department has taken steps to push the target to 50% and beyond in the near future. With regards to persons with disabilities, against a target of 2%, we are not doing well sitting at 1.13% as at the end of the financial year.

Despite the challenges internally and externally, it worth noting that the dedication of staff members at the coal face and our determination to see the task carried out, we make a solemn pledge that we will not fail the people of South Africa.

**Ms Bernice Swarts, MP**  
**Deputy Minister of Public Works and Infrastructure**

### 1.3 Report by the Accounting Officer



*In the period under review, the efforts to improve the previous disclaimer on the asset register has borne fruit resulting in an UNQUALIFIED AUDIT opinion on the Asset Register*

This Annual Report concludes the 4th year of the 6<sup>th</sup> Administration of government. It is concluded at a time of harsh global and domestic economic realities and uncertainty about future growth. Global growth slowed in 2022 to 3.2%, more than 1 percentage point weaker than expected at the end of 2021, mainly weighed down by Russia's war of aggression in Ukraine and the associated cost-of-living crisis in many countries. The South Africa real GDP growth dipped from an all-time decade high of 4.9% year over year (YoY) in 2021 year to 2% in 2022.<sup>1</sup> Seven of the 10 industries in the country contracted the fourth quarter dragging down the annual GDP for 2022. The economy has only grown by 0,3% from the 2019 pre-pandemic reading of R4,58 trillion. This lags behind the 3,5% rise in the country's population over the same period.

The construction industry was heavily affected remaining 23,1% smaller than what it was before the pandemic. In fact, construction's challenges started way before COVID-19. Over the decade, structural constraints have reduced potential economic growth and have remained an impediment to the recovery. Despite these challenges, the Department continues to action the key priorities of government as well as the seven outcomes contained the Department's 2020-2025 Strategic Plan with efforts to contribute to economic recovery and improve service delivery.

### 1.2 Major achievements

The Department has 7 outcomes all of which contribute to the priorities of the 6th Administration and focus on implementation and targeted service delivery that addresses the ever-increasing needs across the Country. These outcomes are delivered through the main vote and PMTE programmes. The main vote (DPWI) focused mainly on the provision of administrative support to the entire Department, coordination of activities with various stakeholders and spheres of government (Intergovernmental Coordination), provision of technical support and coordination of the EPWP programmes, policy regulation and research in the built environment. The core business of property management is ring-fenced under the PMTE with emphasis on, *inter alia*, Immovable Asset Investment Management,

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<sup>1</sup> StatsSA, 2023

managing relations between the Department and user departments, Real Estate Management Services, Construction Project Management, management of the Immovable Asset Register and Facilities Management. In the period under review, the following major achievement were realised under the seven (7) outcomes:

- **Resilient, Capable and Ethical DPWI** – aligning people to processes and systems to drive organisational performance, the Department seeks to create a new effective and efficient culture that delivers ethically in a developmental state. The Department continued designing and rolling out ICT platforms that seek to automate and digitise some of the operations of the Department. For example, the leave management system, fleet management system and the subsistence and travel allowance management module are at advance stages of development and testing. In the period under the review, the Department concluded phase one of the lifestyle audits where 60 senior managers were subjected to the process. Phase two will be started in the next financial year focusing on specific areas of operations such as the supply chain management.
- **Integrated Planning & Co-ordination** – coordinating and incorporating stakeholder needs into infrastructure and spatial planning where government service delivery is enhanced. The department contributes to the broader government outcome of integrated services, settlement transformation and inclusive growth in rural and urban places. Through structures such the MINMEC, concurrent matters such as the management and delivery of infrastructure projects across the country are discussed and appropriate solutions proposed to improve the speed at which such projects can be delivered. These solutions include various options to navigate around construction projects in areas where construction mafias are prevalent. Further, common areas of interests such as land distribution for socio-economic purposes and contribute to land reform initiatives, management of public assets and municipal debt management are discussed.

The Department also developing the Salvokop Precinct. This is a flagship mixed-use precinct project that constitutes 360 000m<sup>2</sup> of office accommodation. Five National Government client departments will be accommodated within this mixed-use precinct. The Precinct is developed in three phases:

- Phase 1 (A and B): Installation of the bulk infrastructure services and development of the 4 x PPP Head Office Buildings of which progress is at advance stages. The other phases are underway.
- Phase 2: Development of the Business Erven by the private sector;
- Phase 3: Development of the mixed-typology residential component

The Department also supports the land reform initiatives comprising of redistribution, restitution, human settlements and socio-economic programme. A total of 221 land parcels measuring 148 796ha were released to the Department of Agriculture, Land Reform and Rural Development for transfer to the approved land claimants. 125 land parcels measuring 25 549ha of agricultural land was released to support subsistence farming and food security. Furthermore, 11 land parcels measuring 15ha were released for variety of SANRAL road construction projects and 24 land parcels measuring 117ha were released for the registration of ESKOM servitudes for the construction of generation, transmission and distribution power lines that will provide much needed electricity to communities nationwide

- **Sustainable Infrastructure Investment** – By delivering sustainable infrastructure and creating a growing economy through infrastructure investment as means to stimulate an inclusive growing industry.
- **Productive Assets** - Managing the asset portfolio with a productive strategic intent to enable better services delivery. The Department, working with the Housing Development Agency identified land parcels suitable for human settlement in the KwaZulu-Natal Province. These include 4 properties in Mtubatuba Municipality, 1 property in eNdumeni Municipality and 1 property in Dannhauser Municipality.

The Department manages an extensive property portfolio of 28 683 registered and unregistered land parcels on which 77 537 improvements (buildings and structures) are located across 52 client departments countrywide in order to make a contribution towards the State's service delivery and socio economic objectives. In the previous financial year, the Department received a disclaimer to significant restatements that were made on the opening balances of the 31 March 2022 Immovable Asset Register (IAR). In the period under review, the efforts to improve the asset register bore fruits resulting in an UNQUALIFIED AUDIT opinion on the Asset Register.

- **Transformed Built Environment** – By transforming the built industry for mutual and sustainable socio-economic benefit. The Department introduced the Expropriation Bill [B23B-2020] for Parliamentary Processes. The Bill was tagged as Section 76, and as such it should be considered by both Houses of Parliament (National Assembly and National Council of Provinces). The National Assembly conducted its Public Participation Processes through the Portfolio Committee (PC) on Public Works and Infrastructure, which amongst others included both oral presentations and public hearings.

The Department participated on various career expo to share training and employment opportunities available within Department of Public Works and Infrastructure. An estimated number of 10 000± school learners and unemployed youth were reached in particular in the townships and rural areas. Career expo are implemented in line to the District Development Model. A total of 18 Candidates obtained Professional Registration within the built environment which contributed towards the skills required for the economy and the transformation. Further, 22 of Artisan Trainees obtained trade certificates in various construction fields which equipped them to enter into employment and or entrepreneurship. The involvement of candidates into projects accounts to 10% of in-house work done by candidates, saving the department 4% of the professional fees. With regards to the Skills Development Massification Programme, the Department partnered with the BankSETA and the Provincial Public Works and employed 994 youth under the Graduates Internship Programme. About 134 Beneficiaries were recruited and attached to the Welisizwe Rural Bridges Programme, 30 Learners for boatbuilding with Coastal TVET College, Conducted NEET (Not in Employment, Education and Training) youth Entrepreneurship Development Workshops in partnership with NYDA with a total of 226 participants.

The Department also plays a supportive role through the acceleration of state land released for restitution, redistribution and human settlements purposes. These efforts seek to contribute to the National Strategic Plan (NSP) On Gender Based Violence and Femicide (GBVF) particularly in the following pillars:

## *Pillar 2 - Prevention and Rebuilding the Social Cohesion*

In the period under review, the Department successfully installed billboards creating awareness on GBV-F at the following hotspots Police Stations in the Free State: Bloemspuit; Thabong; Zamdela, and Phuthaditjhaba, Bloemspuit Police Station billboard which was unveiled during the 16 days of activism, Western Cape police Stations: Mannenburg, Caledon, Bredasdorp, Beaufort West, Laingsburg and Paarl.

## *Pillar 4 - Response, Care, Support and Healing*

As part of Phase 1, the Department has issued a site clearance certificate for Doornpoort, Badplass in Mpumalanga and Phalaborwa in Limpopo. We received a Permission to Occupy letter for Badplaas properties from our Provincial Department of Public Works and Infrastructure. Furthermore, we are engaging the Department of Social Development (DSD) for User agreements on properties in the Northern Cape properties

## *Pillar 5 - Economic Power*

Using our procurement budget, as at the end of March 2023, DPWI has awarded:

- 131 quotations to women with a transactions value of R28,7 million.
  - 84 quotations were awarded to the Youth females to the tune of R7,96 million and,
  - 5 quotations were awarded to Females with Disabilities to the value of R138 362.02.
- **Optimised Job Opportunities** – By creating job opportunities and sustainable jobs for better living conditions. The objective of the Expanded Public Works Programme (EPWP) is to create work opportunities and income support for poor and unemployed persons in South Africa. It aims to assist the unemployed with income, work based skills and workplace experience. To achieve this, 5 million work opportunities targets were set for the five years of the EPWP Phase 4 implementation (1 April 2019 – 31 March 2024) and these targets are disaggregated per financial year. To date from the inception of EPWP Phase 4, a total of 4 120 307 work opportunities against the 5 million phase 4 work opportunities target have been achieved translating to 82%. Additionally, in the 2022/23 financial year, more than R13 billion was transferred to participants as reflected in the table below which shows wages paid to participants in the EPWP per sector and province. Analysis undertaken by the EPWP Branch indicates that on average, at least 90% of the income transferred to EPWP participants, are located in rural municipalities in the country.

**Table 1: Total wages paid to participants per sector and province (April 2022 – March 2023)**

Province	Environment & Culture	Infrastructure	Non-State	Social	Total
EC	R266,303,301	R662,420,591	R550,210,903	R1,022,932,235	R2,501,867,031
FS	R118,874,396	R59,548,203	R302,822,545	R199,872,842	R681,117,987
GP	R259,413,616	R495,532,934	R272,432,419	R655,683,652	R1,683,062,621
KN	R489,395,927	R895,950,169	R552,929,328	R1,080,625,964	R3,018,901,387
LP	R236,000,695	R279,851,005	R382,796,398	R761,923,736	R1,660,571,834
MP	R242,198,942	R146,789,968	R330,530,985	R249,452,228	R968,972,123
NAT	R42,532,723				R42,532,723
NC	R53,440,652	R40,506,252	R238,305,935	R198,618,557	R530,871,396
NW	R95,017,363	R218,797,368	R244,134,503	R222,823,640	R780,772,874
WC	R516,798,070	R210,660,759	R194,800,737	R445,972,180	R1,368,231,746



Total	R2,319,975,686	R3,010,057,249	R3,068,963,752	R4,837,905,034	R13,236,901,721
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In the Infrastructure Sector Vuk'uphile contractor Learnership Programme, a total of 93 contractors have been trained in the 2022/23 financial year. Currently the programme is training 43 contractors with recruitment for at least 42 contractors planned in the 2023/24 financial year. Additionally, a total of 8,250 NYS participants were trained on the EPWP National Youth Service from the national, provincial and local spheres in the 22/23 financial year. Through the Non-State Sector Non-Profit Organisation (NSS NPO) Programme implemented by the Independent Development Trust (IDT) on behalf of the department, 503 Non-Profit Organisations have been contracted for implementing the Programme for 2 years from 2022/23 – 2023/24 financial years. In the 2023/24 these NPOs are expected to create 68 360 work opportunities in all provinces.

- **Dignified Client Experience** – By delivering sustainable services where stakeholders are satisfied.

The Integrated Renewable Energy and Resource Efficiency Programme (iREREP) is a new programme, introduced in terms of the Infrastructure Development Act 23 of 2014, in line with the delivery of Strategic Integrated Projects (SIPs). The programme was approved by Cabinet together with a pipeline of other infrastructure projects. iREREP is an intervention aimed at reengineering the contracting, delivery, and payment for utilities in Government buildings to achieve reduction in utilities costs through embedded renewable energy generation in order to mitigate against electricity tariff increases, and achieve resource efficiency, creation of green jobs, skills development, including innovation and technology mobilisation.

The granting of National Approval 1 for the iREREP, signing of a MoU with the Department of Correctional Services and DPWI (As a User), and issuance of a Request for Proposals to the market in June 2023, is achievement of a key milestone towards operational integration of this key intervention between government departments for programme implementation.

As a SIP, the programme is further aimed at Provincial implementation to ensure integration and alignment between the different spheres of government.

Given the current energy and water challenges in South Africa, iREREP will further contribute to alternative sources of clean energy and water, to support the operation of government facilities and contribute towards Energy Performance Certification reporting with the Department of Mineral Resource and Energy (DMRE), whilst supporting the Department of Fisheries Forestry and Environment (DFFE) in promoting of waste recycling and minimisation.

Other achievements within the Facilities management component include:

- Maintenance of facilities/building are informed by Facility Condition Assessments (FCA's) as detailed in the UAMP of user departments. The FCA provide for a scope of work and high level cost estimate to inform planning and budgeting.
- 71 Facility Condition assessments (FCA's) have been completed
- Procurement Instructions were received for 79 additional facilities/properties in the current and 2023/24 FY.

- Facilities/properties are further maintained through the departmental repair & refurbishment programmes, Total Facilities Management, term contracts and FM day-to-day maintenance budget.
- Improvement in the Blue Green Drop compliance with regards to Chemical, Water Care and Hydrology

The outcomes approach allows for a holistic presentation of the performance of the Department for the period under review. The full detail of achievement as per the specific key performance indicators are covered in Chapter 2.

### 1.3 Overview of Financial Results

- **Departmental revenue 2022/23**

The table below depicts a comparison of the Departmental revenue receipts against estimates and compared to the prior year's performance.

**Table 1.1: Programme Receipts**

Departmental receipts	2022/23			2021/22		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	297	324	(28)	283	319	(36)
Fines, Penalties and Forfeits	3	3	-	-	-	-
Interest, dividends and rent on land	6 742	17 861	(11 119)	600	11 056	(10 456)
Financial transactions in assets and liabilities	591	15 127	(14 536)	1 300	4 093	(2 793)
<b>Total Departmental receipts</b>	<b>7 633</b>	<b>33 315</b>	<b>(25 682)</b>	<b>2 183</b>	<b>15 468</b>	<b>(13 285)</b>

The Department collected R33.3 million as per different categories reflected in Table 1.1. This was R25.7 million more than the projected revenue in the current year and R17.8 million than the previous financial year. The bulk of the revenue collected relates to the interest generated from the Non-state sector programmes from the transfer payment to the Independent Development Trust (IDT) and the financial transactions in assets and liabilities for the overpayment occurred in the previous years.

- **Budget Allocation 2022/23**

The Department's adjusted appropriation for the year under review was R8.153 billion, which is a decrease of 2.5% when compared to the 2021/22 financial year's adjusted appropriation of R8.354 billion. The decrease in the current year's budget allocation was as a result of funds shifted to the Department of Transport during the adjustment estimates period.

As depicted in Table 1.2, the bulk of the appropriated financial resources (91%) are allocated between Expanded Public Works Programme (37%) and Property and Construction Industry Policy and Research (54%). These two programmes represent the major proportion of the Department's mandate and deliverables.

**Table 1.2: Budget Allocation per Programme**

Programmes	Allocation R'000	Allocation as %
Programme 1: Administration	555 009	7%
Programme 2: Intergovernmental Coordination	59 505	1%
Programme 3: Expanded Public Works programme	3 023 397	37%
Programme 4: Property and Construction Industry Policy and Research	4 447 159	54%
Programme 5: Prestige Policy	67 659	1%
<b>Total</b>	<b>8 152 729</b>	<b>100%</b>

- **Expenditure Analysis**

A summary of the Department's financial performance is provided in Tables 1.3, 1.4 and 1.5 below which show the overall budget and expenditure as well as spending per economic classification.

**TABLE 1.3: Expenditure Analysis**

	2022/23 R'000	2021/22 R'000
Budget allocation	8 152 729	8 354 210
Actual Expenditure	7 910 167	8 082 195
Actual: Spent Budget %	97.0%	96.7%
<b>Unspent funds</b>	<b>242 562</b>	<b>272 015</b>
<b>Unspent Budget %</b>	<b>3.0%</b>	<b>3.3%</b>



**TABLE 1.4: Expenditure Analysis per Programme**

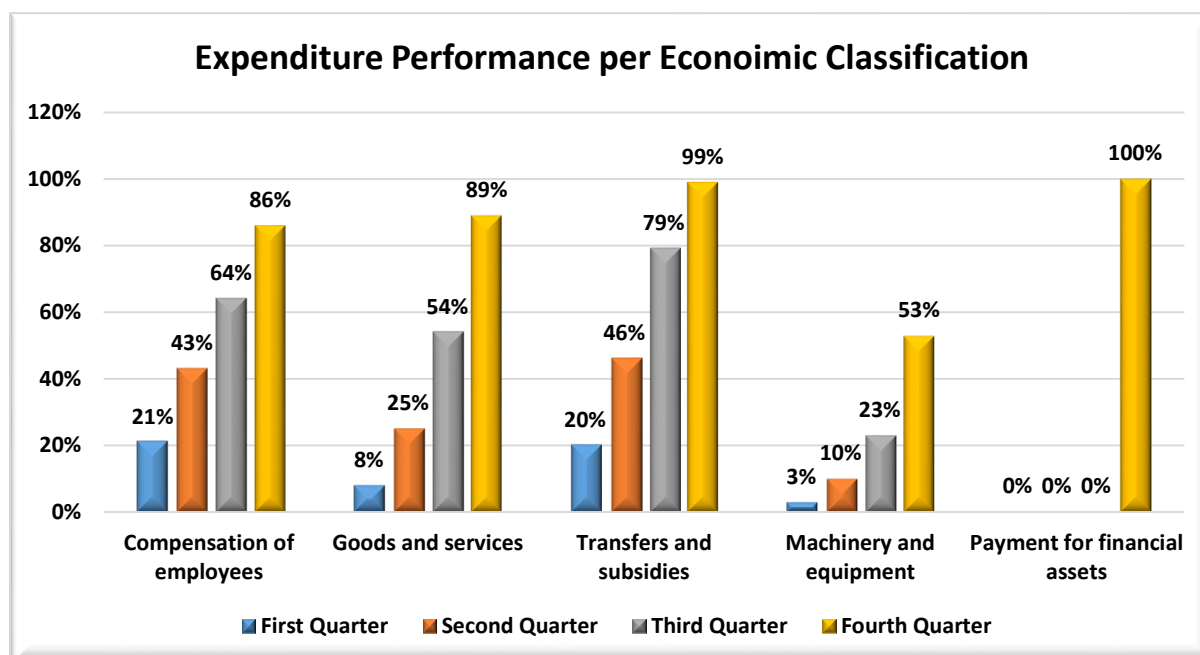
	2022/23				2021/22		
	Final Appropriation	Actual Expenditure	Variance	Expenditure as %	Final Appropriation	Actual Expenditure	Expenditure as %
	R'000	R'000	R'000	%	R'000	R'000	%
Administration	555 009	501 103	53 906	90.3%	504 598	416 494	82.5%
Intergovernmental Coordination	59 505	47 776	14 429	80.3 %	58 541	44 202	75.5%
Expanded Public Works Programme	3 023 397	2 982 840	40 557	98.7%	2 921 000	2 811 509	96.3%
Property And Construction Industry Policy and Research	4 447 159	4 329 002	118 517	97.3%	4 780 965	4 757 194	99.5%
Prestige Policy	67 659	49 447	18 212	73.1%	89 106	52 796	59.3%
<b>Totals</b>	<b>8 152 729</b>	<b>7 910 167</b>	<b>242 562</b>	<b>97.0%</b>	<b>8 354 210</b>	<b>8 082 195</b>	<b>96.7%</b>

**TABLE 1.5: Spending Per Economic Classification – DPWI**

	2022/23				2021/22		
	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Expenditure as % of final appropriation
	R'000	R'000	R'000	%	R'000	R'000	%
<b>Current payments</b>							
Compensation of employees	596 930	514 158	82 772	86.1%	578 887	497 360	85.9%
Goods and services	479 358	428 556	50 803	88.8%	392 955	279 591	71.2%
<b>Transfers &amp; subsidies</b>							
Provinces & municipalities	1 636 351	1 636 342	9	100.0%	1 595 629	1 594 154	99.9%
Departmental agencies & accounts	4 087 700	4 087 700	-	100.0%	4 526 375	4 526 375	100.0%
Foreign governments & international organisations	28 432	28 432	-	100.0%	28 265	28 265	100.0%
Public corporations & private enterprises	260 675	160 675	100 000	61.6%	180 972	180 972	100.0%
Non-profit institutions	1 032 693	1 032 693	-	100.0%	1 020 414	956 134	93.7%
Households	9 894	9 890	4	102.3%	13 256	13 256	100.0%
<b>Payment for capital assets</b>							
Machinery & equipment	19 095	10 121	8 974	53.2%	17 322	5 953	34.4%
<b>Payment for financial assets</b>	<b>1 601</b>	<b>1 601</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>135</b>	<b>100.0%</b>
<b>Total</b>	<b>8 152 729</b>	<b>7 910 167</b>	<b>242 562</b>	<b>97.0%</b>	<b>8 354 210</b>	<b>8 082 195</b>	<b>96.7%</b>



Departmental spending for the period under review is R7.91 billion which represents 97% of the adjusted budget of R8.153 billion. Underspending of R244 million mainly relates to compensation of employees, goods and services, transfers and subsidies and machinery and equipment.



Details of underspending per programme and economic classification is discussed below:

- **Programme 1: Administration**

The underspending of R54 million in Programme 1 relates to:

- Compensation of employees underspending of R35 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services underspending of R17 million mainly due to delays in receipt of invoices for goods and services rendered, implementation of the cost containment measures and higher projections than the actual expenditure.
- Machinery and equipment underspending of R1 million is due to a delays in delivery of the procured equipment.

- **Programme 2: Intergovernmental Coordination**

The underspending of R11 million in Programme 2 relates to:

- Compensation of employees underspending of R11 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.

- **Programme 3: Expanded Public Works Programme**

The underspending of R41 million in Programme 3 relates to:

- Compensation of employees underspending of R16 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.

- Goods and services underspending of R24 million is mainly due to implementation of the cost containment measures and higher projections than the actual expenditure.
- Machinery and equipment under spending of R508 000 is due to delays in the acquisition of assets linked to the projected filling of the vacant positions.

○ **Programme 4: Property and Construction Industry Policy and Research**

The underspending of R117 million in Programme 4 relates to:

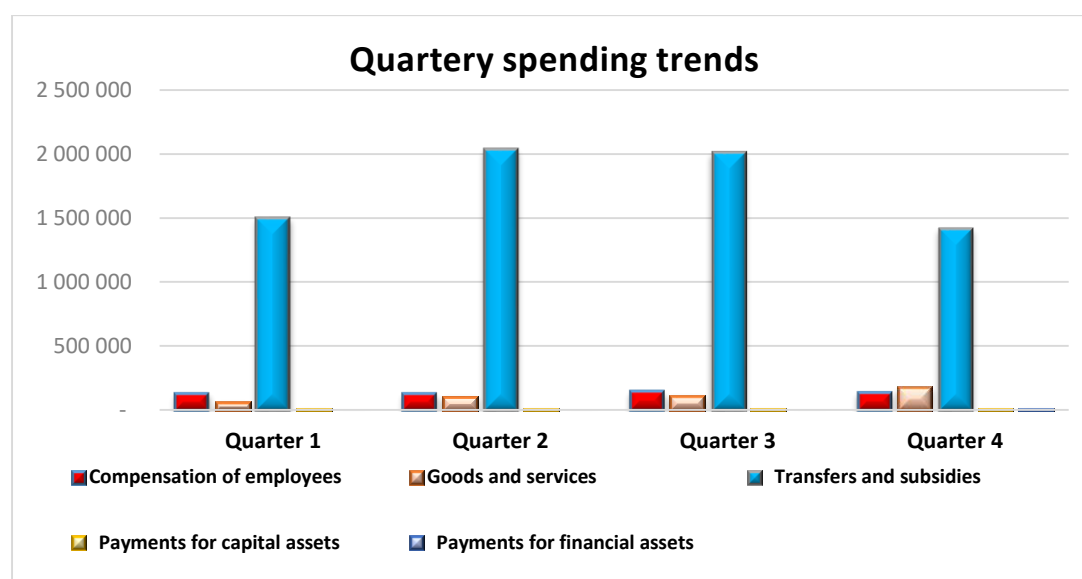
- Compensation of employees underspending of R17 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Transfers and subsidies the underspent budget of R100 million was allocated after the adjustments estimates process and the funding was allocated with conditions before funds can be transferred for the programme to be implemented. The delays in fulfilling the conditions due to the external factors resulted in funds not being transferred. The funding was allocated for the implementation for the project preparation implemented by Infrastructure South Africa.

○ **Programme 5: Prestige Policy**

The underspending of R18 million in Programme 5 relates to:

- Compensation of employees underspending of R3 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services underspending of R8 million is mainly due to the implementation of the cost containment measures and less number of the activities than projected.
- Machinery and equipment underspending of R4 million is mainly due to lower than projected spending on the planned acquisition of assets.

**Spending trends**



The quarterly expenditure variances for the Department is an average of R1.977 billion with the high spending of R2.254 billion, and the lowest been R1.676 billion in the first and third quarter

respectively. High spending for the Department relate to the transfer payments to the PMTE, Provinces and Municipalities for EPWP conditional grants, Non-state Sector programme and other departmental entities. Transfers and subsidies equate to 86% of the Departmental budget allocation, and the balance is allocated to current payments for compensation of employees and goods and services.

- **Virement**

At the end of the financial year, the Department shifted funds between sub-programmes and economic classification in line with the PFMA within the threshold of 8%. The funds were then utilised as per the table below:

**TABLE 1.6: Virement for 2022/23**

Programmes	Adjusted Appropriation 2022/23	Virement of Funds	Final Appropriation 2022/23
	R`000	R`000	R`000
Prog 1: Administration	555 009	-	555 009
Prog 2: Intergovernmental Coordination	62 205	(2 700)	59 505
Prog 3: Expanded Public Works Programme	3 035 948	(12 551)	3 023 397
Prog 4: Property and Construction Industry Policy and Research	4 427 739	19 420	4 447 159
Prog 5: Prestige Policy	71 828	(4 169)	67 659
<b>TOTAL</b>	<b>8 152 729</b>	<b>-</b>	<b>8 152 729</b>

The following virement of funds was applied between and within the Programmes:

- Virement of funds within Programme 1 between economic classifications. An amount of R228 000 has been adjusted from the compensation of employees to transfers and subsidies for the purpose of offsetting excess spending relating to leave gratuities.
- Programme 2 has decreased with an amount of R2.7 million to offset excess spending of R2.686 million in Programme 4 under goods and services and R14 000 to offset excess spending in Programme 3 for the households under the transfers and subsidies. The funding was applied to the same economic classifications.
- Programme 5 has decreased with an amount of R206 000 to offset excess spending in Programme 3 for the households under the transfers and subsidies. The funding was applied to the same economic classifications.

An amount of R100 million was approved by the National Treasury for the virement of funds between the economic classifications to increase the allocation of transfers for the Industrial Development Corporation to provide funding that was required for the project preparation. The virement of R100 million was implemented from transfers (PMTE), goods and services and payment for capital assets.

#### **Unauthorised Expenditure**

No unauthorised expenditure was incurred in the current financial year. The report for the total cumulative unauthorised expenditure of R255.1 million has been submitted to the National Treasury for consideration and condonement by the Standing Committee of Public Accounts (SCOPA). The

Department is in the process of providing additional information required by the National Treasury regarding the submitted report on unauthorised expenditure.

## 1.4 Property Management Trading Entity

### PMTE revenue 2022/23

The table below depicts a comparison of the estimated PMTE revenue compared to the actual receipts:

	2022/23				2021/22			
	Final budget	Actual receipts	Variance	% recovered	Final budget	Actual receipts	Variance	% recovered
Revenue	R'000	R'000	R'000		R'000	R'000	R'000	
Accommodation charges – leasehold	5 473 266	5 204 134	269 132	95%	5 371 909	5 068 340	303 569	94%
Accommodation charges – state owned	7 111 379	6 880 296	231 083	97%	8 057 366	6 626 292	1 431 074	82%
Accommodation charges freehold- private	73 468	61 676	11 792	84%	68 026	58 121	9 905	85%
Augmentation	3 912 823	3 912 823	0	100%	4 349 655	4 349 655	0	100%
Interest, fines, recoveries and other receipts	30 000	31 727	-1 727	106%	63 000	1 350	61 650	2%
Municipal Services Management Fees	255 006	148 195	106 811	58%	252 476	164 215	88 261	65%
Construction revenue	0	0	0	0%	0	0	0	0%
Cash received in advanced	0	0	0	0%	0	0	0	0%
<b>Total</b>	<b>16 855 942</b>	<b>16 238 851</b>	<b>617 091</b>	<b>96%</b>	<b>18 162 432</b>	<b>16 267 973</b>	<b>1 894 459</b>	<b>90%</b>

Municipal Services recovered	5 100 126	2 954 277	2 145 849	58%	4 479 745	3 436 589	1 043 156	77%
<b>Total revenue</b>	<b>21 956 068</b>	<b>19 193 128</b>	<b>2 762 940</b>	<b>87%</b>	<b>22 642 177</b>	<b>19 704 562</b>	<b>2 937 615</b>	<b>87%</b>

The actual receipts for the period ended 31 March 2023 amounts to R19.2 billion which represents 87% of the projected annual receipts.

- **Budget allocation per programme -PMTE**

Programme	R'000	Allocation as %
Administration	848 169	4%
Real Estate Investment Services	177 054	1%
Construction Project Management	3 676 634	17%
Real Estate Management Services	13 185 907	60%
Real Estate Information & Registry Services	98 878	0%
Facilities Management Services	3 969 426	18%
<b>Total</b>	<b>21 956 068</b>	<b>100%</b>

- **Overall expenditure analysis - PMTE**

	2022/23	2021/22
	R'000	R'000
Budget allocation	21 956 068	22 119 538
Actual expenditure	20 164 903	18 497 962
<b>Actual: spent budget %</b>	<b>92%</b>	<b>84%</b>
(Over)/ under spending	1 791 165	3 621 576
<b>Actual: budget (over)/ under spend %</b>	<b>8%</b>	<b>16%</b>



- Expenditure analysis per programme - PMTE

Programme	2022/23				2021/22			
	Final allocation	Actual expenditure	Variance	% spent	Final allocation	Actual expenditure	Variance	% spent
	R'000	R'000	R'000		R'000	R'000	R'000	
Administration	848 169	785 935	62 234	93%	895 670	861 722	33 948	96%
Real Estate Investment Services	177 054	158 013	19 041	89%	199 845	171 358	28 487	86%
Construction Project Management	3 676 634	3 178 745	497 889	86%	5 851 154	4 190 729	1 660 425	72%
Real Estate Management Services	13 185 907	12 017 511	1 168 396	91%	12 634 428	12 418 811	215 617	98%
Real Estate Information & Registry Services	98 878	68 032	30 846	69%	59 499	57 006	2 493	96%
Facilities Management Services	3 969 426	3 956 667	12 758	100%	3 001 581	2 937 922	63 659	98%
<b>Total</b>	<b>21 956 068</b>	<b>20 164 903</b>	<b>1 791 165</b>	<b>92%</b>	<b>22 642 177</b>	<b>20 637 548</b>	<b>2 004 629</b>	<b>91%</b>

- Spending per economic classification - PMTE

Economic Classification	2022/23				2021/22			
	Final allocation	Actual expenditure	Variance	% spent	Final allocation	Actual expenditure	Variance	% spent
	R'000	R'000	R'000		R'000	R'000	R'000	
<i>Current payments</i>								
Cleaning and Gardening	346 551	346 886	-335	100%	383 244	346 451	36 793	90%
Admin Goods and Services	399 943	359 923	40 020	90%	424 637	383 417	41 220	90%
Maintenance	2 785 518	2 774 431	11 087	100%	2 724 230	2 575 750	148 480	95%
Municipal Services recovered	5 100 126	3 769 347	1 330 779	74%	4 479 745	4 479 745	-	100%
Leasing (Private owned)	5 639 869	5 852 543	-212 674	104%	5 526 170	5 510 568	15 602	100%
Property Rates	1 815 978	1 823 858	-7 880	100%	1 918 660	1 838 706	79 954	96%
Compensation of Employees	2 155 560	2 140 953	14 607	99%	2 030 733	1 969 628	61 105	97%
Municipal Services non-recoverable	429 419	433 456	-4 037	101%	564 053	471 562	92 491	84%
Covid 19- Requirements	-	-	-	0%	31 255	18 399	112 201	59%
Construction costs	-	-	-	0%	-	-	-	0%
<b>Total current payments</b>	<b>18 672 964</b>	<b>17 501 397</b>	<b>1 171 567</b>	<b>94%</b>	<b>18 082 727</b>	<b>17 594 226</b>	<b>587 846</b>	<b>97%</b>
<i>Capital payments</i>								
Capital recoverable	2 042 809	1 396 218	646 591	68%	2 261 789	1 648 904	612 885	73%
Capital non-recoverable	1 186 462	1 215 143	-28 681	102%	2 235 541	1 360 744	874 797	61%
Machinery & Equipment	53 833	52 145	1 688	97%	62 120	33 674	28 446	54%
Intangibles	-	-	-	0%	-	-	-	0%
Finance Leases	-	-	-	0%	-	-	-	0%
<b>Total capital payments</b>	<b>3 283 104</b>	<b>2 663 506</b>	<b>619 598</b>	<b>81%</b>	<b>4 559 450</b>	<b>3 043 322</b>	<b>1 516 128</b>	<b>67%</b>
<b>Total</b>	<b>21 956 068</b>	<b>20 164 903</b>	<b>1 791 165</b>	<b>92%</b>	<b>22 642 177</b>	<b>20 637 548</b>	<b>2 103 974</b>	<b>91%</b>

Details of material variance explanation per programme and economic classification are as follows:

### **Receipts**

The actual receipts for the period ended 31 March 2023 amounts to R19.1 billion which represents 87% of the projected annual receipts. This is mainly due to unpaid invoices for the State owned accommodation charges and Municipal Services paid on behalf of the Client Departments.

### **Expenditure**

Details of underspending per programme and economic classification is discussed below:

The total expenditure for the period ended March 2023 was R 20.1 billion which represents 92% of the total budget.

This is mainly due to under-expenditure against the infrastructure projects and the municipal services paid on behalf of Client Departments.

The expenditure is higher than the level of performance of the previous year.

#### **Programme 1: Administration**

The under expenditure was attributable to the delay in the filling of vacancies.

#### **Programme 2: Real Estate Investment Services**

The under expenditure was attributable to the delay in the filling of vacancies.

#### **Programme 3: Construction Management Services**

The variance between the budget and the actual expenditure is due to a reclassification of projects between capital and operational after the financial year end. This seeming overspending is off-set by underspending on the Capital items where these projects were budgeted for.

As the projects are recoverable, the PMTE has to request approval from the client departments before tenders are advertised, when recommended bids are higher than the estimate and every time there is an increase in the cost of the project. Delays in client responses was a major cause of under-expenditure. Clients are expected to sign-off on their available allocations before the start of the financial year, but some Clients only make the allocations available during the first quarter of the financial year. This leads to further delays and under-expenditure as projects cannot be placed on the Procurement Plan before approval of the budget. Further delays are experiences on site by defaulting contractors and other contractors not delivering in accordance with the projected project expenditure.

The delay in the filling of the vacant funded positions have also contributed to under spending.

#### **Programme 4: Real Estate Management Services**

The cause driver of the low spending on this programme is the Municipal Services paid on behalf of the Client Departments. Although the function of payments for municipal services was devolved in 2006, the PMTE has been administrating these accounts on behalf of the Clients. This is being devolved in totality and will be phased out. The item is fully recoverable and only included for cash flow purposes. Municipal Services expenditure is based on actual consumption by Client departments and will fluctuate due to load shedding and saving initiatives implemented by Clients. The budget amount is only for cash flow projection purposes and cannot be seen as a underspending.

The unspent funds which were allocated for the rectification of illegally occupied properties have also contributed to under spending.

**Programme 5: Real Estate Information & Registry Services**

The under spending was attributable to the unspent funds which were allocated for the Immovable Asset Register.

### 1.5 Entities reporting to the Minister

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
<b>AGRÉMENT SOUTH AFRICA</b>	Agrément South Africa Act, 2015 (Act No. 11 of 2015)	Transfer payment from grant allocation statutorily made available to the entity by way of a Parliamentary budget vote	South African centre for the assessment and certification of non-standardised construction-related products and systems for which no South African National Standards existed prior to certification
<b>COUNCIL FOR THE BUILT ENVIRONMENT</b>	The CBE executes its mandate, derived from the Council for the Built Environment Act, 2000 (No. 43 of 2000). The scope of the CBE and Professional Councils in the built environment value chain is to coordinate the work of the professional councils that regulate the industry in respect of the conceptualisation, design, building, maintenance and transfer social and economic infrastructure. As such the CBE mandate is also informed by the Acts, mainly of the six built environment professions that report to the Minister of Public Works and Infrastructure.	Transfer payment from grant allocation statutorily made available to the entity by way of a Parliamentary budget vote	<ul style="list-style-type: none"> <li>• Provision of advisory services to Government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and such services are derived mainly through research work;</li> <li>• Facilitate inter-governmental co-operation concerning issues relating to the built environment;</li> <li>• Corporate governance assessments in order to ensure the consistent application of policy by the councils for the built environment professions with regard to: <ul style="list-style-type: none"> <li>i. accreditation of higher learning institutions offering courses towards qualification in a built environment discipline;</li> <li>ii. registration of different categories of registered persons; and consistency in the application of key elements of competence testing of registered persons;</li> <li>iii. codes of conduct to be prescribed by the councils for the respective professions;</li> </ul> </li> </ul>

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
			<p>iv. principles upon which the councils for the professions must base the determination of fees which registered persons are entitled to charge in terms of any of the professions' Acts, and in accordance with any legislation relating to the promotion of competition;</p> <p>v. standards of health, safety and environmental protection within the built environment;</p> <p>vii. recognition of voluntary associations for the built environment professions, by approving the framework for that recognition submitted by the councils for the professions,</p> <ul style="list-style-type: none"> <li>• Broad-based long-term strategy for the transformation of the built environment</li> <li>• Optimum functioning of the CBE through the revision of business process in order to arrive at the appropriate organisational capacity and operational efficiency that will allow to effectively discharge its legislative mandate.</li> <li>• Throughput study on the demand and supply of built environment skills in order to provide an advisory on the development of the skills pipeline for the built environment.</li> </ul>
<b>CONSTRUCTION INDUSTRY DEVELOPMENT BOARD</b>	Schedule 3A public entity	Transfer payment from grant allocation statutorily made available to the entity by way of a Parliamentary budget vote	<ul style="list-style-type: none"> <li>• Developing sound corporate governance and promote an ethical environment in achieving the desired outcome of a clean audit.</li> </ul>



NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
			<ul style="list-style-type: none"> <li>• maintaining the national Register of Contractors, the Contractor Recognition Scheme, the Register of Projects, and the Project Assessment Scheme; and enforce compliance with CIDB regulations</li> <li>• monitoring and evaluation of the construction industry performance to ensure the achievement of desired outcomes of transformation and development</li> <li>• developing, promoting and updating the construction industry research agenda, by establishing a knowledge centre whose insights should enable guidance on the development and design of interventions towards challenges affecting the industry, for example increased black ownership and participation and increased ownership and participation by designated groups, in particular, women and youth.</li> <li>• promote uniform application of procurement and delivery management policies affecting the construction industry throughout all spheres of Government.</li> </ul>
<b>INDEPENDENT DEVELOPMENT TRUSU</b>	<p>Deed of Trust IT 669/91</p> <p>Trust Property Control Act, 1988 (Act No. 57 of 1988)</p> <p>Public Finance Management Act , 1999 (Act</p>	Receives supplementary financial support from line Department to make up for operating cost shortfalls	<ul style="list-style-type: none"> <li>• Implementation of public social infrastructure programmes to support provision of health and education infrastructure e.g. refurbishment, replacement, upgrades and construction of new school infrastructure and health facilities</li> </ul>

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
	No.1 of 1999)		<ul style="list-style-type: none"> <li>• Implementation of public social infrastructure programmes to contribute to economic development, growth and support to SMMEs, women and youth owned enterprises</li> <li>• Implementation public employment initiatives and public social infrastructure programmes which contribute to economic development, growth and support to SMMEs, women, youth owned enterprises and other categories of designated groups (people with disabilities, etc.)</li> </ul>

## **1.6 Statement of responsibility and confirmation of accuracy for the annual report**

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Chapter 6) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made on this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2023.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized loop followed by a smaller loop and a short horizontal stroke.

**Ms Nyeleti Makhubele**  
**Acting Accounting Officer**  
**Date: 30 March 2023**

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## CHAPTER 2

### PERFORMANCE INFORMATION

---

#### 2.1 Overview of Departmental Performance

The Department's programmes have remained relatively the same as the previous financial year for consistency and measurability of progress over time. The main vote (the Department) focused mainly on the intergovernmental coordination, coordination of EPWP programmes, Property and Construction Industry Policy and Research and management of the prestige portfolio. The core business of property management was ring-fenced under the PMTE with emphasis on, inter alia, managing relations between the Department and client departments, planning and precinct development, construction project management, management of immovable asset register and facilities management. The programme structure of the main vote is depicted below.

The PMTE currently manages largest Real Estate portfolio in South Africa. As the custodian and manager of Government's immovable assets, the PMTE directly impacts efficiency and effectiveness of all user departments given the critical role that well-functioning infrastructure plays in enabling service delivery. The business model of the PMTE is based on an interdisciplinary approach with greater synergies between the Department's traditional property and asset management functions and an integrated approach to delivery. The core business of the PMTE consists of three focused operational divisions being Real Estate Investment Services, Real Estate Management Services, and Facilities Management.

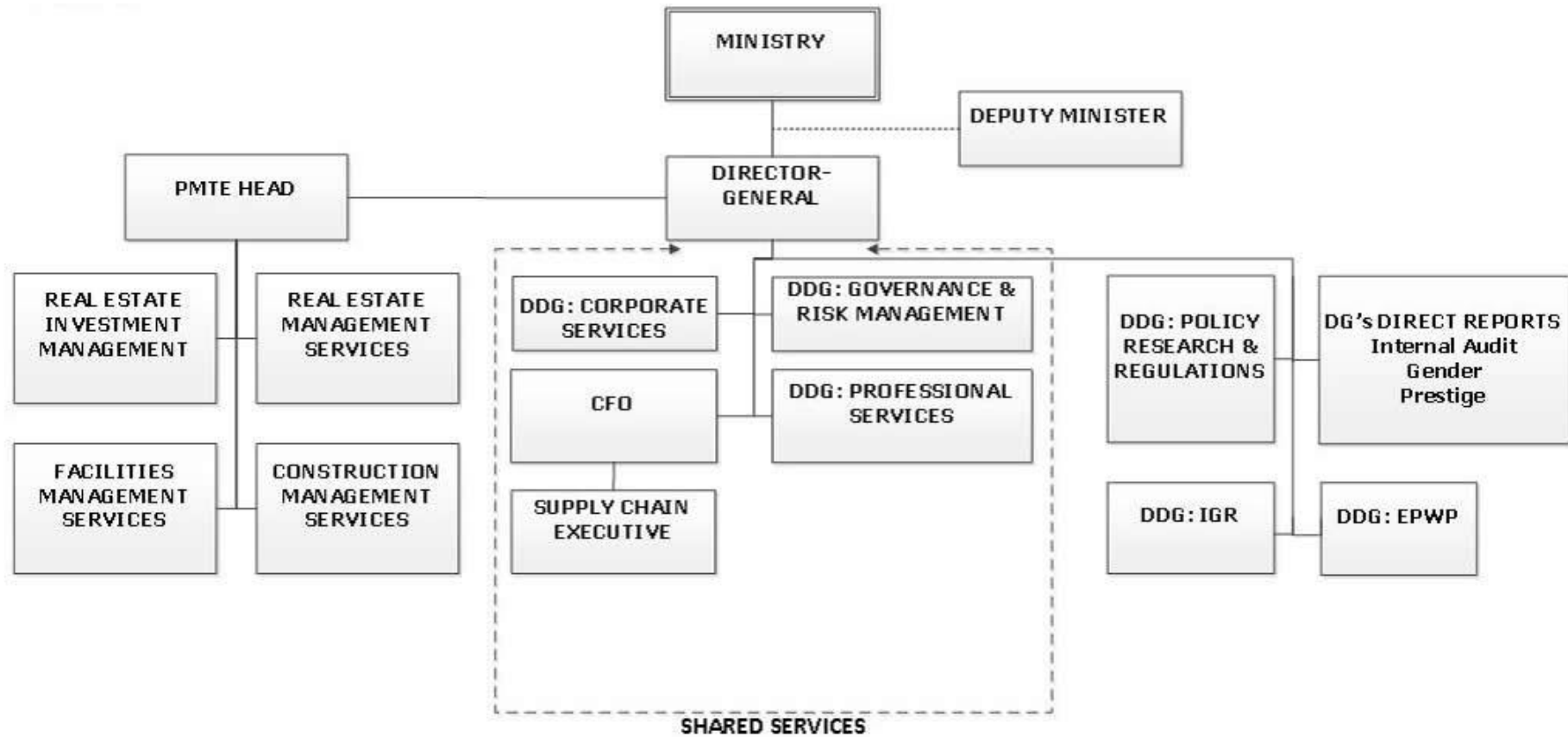
In line with the thematic analysis of a High Performing Organisation and its precondition, i.e. A Resilient, Ethical and Capable DPWI, it is demonstrable that Human Resources play a pivotal role in ensuring that the Department of Public Works and Infrastructure is adequately resourced with the proper skills and efficient capacity to develop, implement and manage systems and processes. Targeted investment in systems and processes is urgently required to support the fourth revolution requirement and to ensure the application in the built and asset planning and management environment. Organisational skill needs must first be met to advance rapid delivery and long-term impacts, addressing skills gaps to meet the organisation's talent needs to:

- Promote business man acumen, with positive attitudes inculcated, collaboration and cooperation fostered
- Ensure change is wired into the delivery of systems, processes and procedures for internal and external proficiency
- With improved IT infrastructure and a new appetite for efficiency through adoption of relevant technology

Further, Strengthened accountability including consequence management across the organisation, and capacity to deliver services/projects efficiently and effectively supporting the vision for the Department to deliver dignified client experiences. In this state, the organisation:

- Promotes and recognises ethical behaviour and supported by improved responsive communication.
- Has transparent management with strengthened and committed leadership.

Figure 2.1 The DPWI Organogram



## **2.2 Key policy developments and legislative changes**

For the period under review, the Key policy developments and legislative changes include the Expropriation Bill [B23-2020], Construction Industry Development Board Amendment Bill and Built Environment Professions (BEP) Policy. The purpose of the Expropriation Bill is to repeal the existing Expropriation Act 63 of 1975, provide a common framework in line with the Constitution, 1996 to guide the processes and procedures for expropriation of property by the expropriating authorities for a public purpose or in the public interest subject to compensation. The Bill provides for instances where expropriation with nil compensation may be just and equitable. To date, the Expropriation Bill [B23-2020] was certified as constitutional by the Office of the Chief State Law Advisor. Subsequent to this certification, the Department gazetted the Bill to notify of its intention to introduce it for Parliamentary processes. On 9 September 2020 Cabinet granted its approval for the Expropriation Bill to be submitted to Parliament. The Expropriation Bill was introduced to Parliament on 15 October 2020, and jointly tagged as Section 76 Bill. Going forward, the parliament will drive the public hearings and oral presentations from the provinces. In the process, the Department continues to support parliament with technical expertise in relation to the Bill.

A draft Construction Industry Development Board Amendment Bill was developed. The intention of the amendment is to identify ways in which regulatory function of the CIDB can be enhanced, determining the effectiveness of the Register of Contractors (RoC) and challenges therein, as well as reviewing the procurement policy implementation in facilitating development and transformation of the construction industry. However, the potential risks associated with the new policy proposals to the draft Construction Industry Development Board Amendment Bill is being explored prior to finalisation.

Towards amending legislation governing the 6 Built Environment Professions (BEP), a BEP Policy was developed and submitted to the Minister to approve to gazette for public comment. The amendment of the current regulatory framework of the Built Environment (BE) is intended to address issues of transformation, public protection, integrity of the professions and good governance. The BEPCs must safeguard the highest standards of quality to guarantee safety in the built environment.

## **2.3 Progress towards Achievement of Institutional Impacts and Outcomes**

The 6<sup>th</sup> Administration priorities of government reflect the reality of the people and sets out a broad framework to respond to the challenges confronting the nation. These priorities serve as pillars to support the National Development Plan 2030 which will be driven by targets set in the Medium-Term Strategic Framework (MTSF). The priorities are stated as follows:

1. A capable, ethical and developmental state;
2. Economic transformation and job creation;
3. Education, skills and health;
4. Consolidating the social wage through reliable and quality basic services;
5. Spatial integration, human settlements and local government;
6. Social cohesion and safe communities; and
7. A better Africa and World.

These seven priorities have given the reconfigured Department of Public Works and Infrastructure the opportunity to refocus toward the achievement of its existing and new infrastructure mandate in the implementation of quality public services for public good. The outcomes of the Department and its Public Entities were all aligned to one or more of the national seven priorities, in order to focus on implementation and targeted infrastructure service delivery that addresses the ever-increasing needs across our Country. The focus as government has to be on **Infrastructure-led Economic Growth**, which will then facilitate the crowding in of the private sector.

The Department has 7 outcomes all of which contribute to some of the 6<sup>th</sup> Administration priorities. The level of performance per key performance Indicator is depicted below.

## 2. 4 Institutional Programme Performance Information

The programmes of the Department are explained below.

### ***Outcome 1: Resilient, Ethical and Capable DPWI***

Outcome Statement	DPWI is being restructured to be streamlined and outcomes-based, focused on implementation. Reinventing the organisation to be Agile, Ethical, Compliant and Capable, where everyone wants to work, with improved efficiencies achieved through seamless, automated processes and a robust support infrastructure to enable effective service delivery.
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### ***Outcome 2: Integrated Planning AND Coordination***

Outcome Statement	Integrated planning and coordination for inclusive economic growth and structural transformation resulting in socio economic returns and development.
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### ***Outcome 3: Productive Assets***

Outcome Statement	Optimise DPWI asset portfolio management to positively impact the economy, service delivery and the environment.
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### ***Outcome 4: Sustainable Infrastructure Investment***

Outcome Statement	Sustainable infrastructure investment for inclusive economic growth.
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### ***Outcome 5: Transformed Built Environment***

Outcome Statement	Contribute towards poverty alleviation and inclusive economic growth through targeted contracting, built environment transformation and skills development and achievement of spatial justice through the strategic use of DPWI public land and building asset portfolio to effect spatial redress.
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#### ***Outcome 6: Optimised Job Opportunities***

Outcome Statement	Contribute towards poverty alleviation and unemployment reduction amongst designated groups through the provision of job opportunities.
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#### ***Outcome 7: Dignified Client Experience***

Outcome Statement	Provide facilities that enable public services to be delivered in a dignified and efficient manner through improved standards and conditions.
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<b>Programme: Programme 1: Administration</b> <b>Purpose: Provide strategic leadership management and support services to the Department</b>								
Sub-Programme: Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Resilient, Capable and Capable DPWI	Good governance	Ethics and fraud perception rating	17.8 good progress, 67,8% in progress, 14.2% interventions required	35,4%	41%-60%	31,36%	9,6 (from the lower target figure in the band)	-
	Good governance	Compliance rate	No compliance rate to be determined, compliance policy drafted  Compliance universe development in progress	92% compliance rate	100%	86%	14%	Areas such as disciplinary cases take longer owing to a number of postponements, changes in representatives and unforeseen circumstances

<b>Programme: Programme 1: Administration</b> <b>Purpose: Provide strategic leadership management and support services to the Department</b>								
Sub-Programme: Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
	Performance measurement	Percentage Performance Information Level	55%	70% (30 of 43)	81%-100%	58%	23% (from the lower target figure in the band)	The level of performance id affected by: <ul style="list-style-type: none"> <li>• Inadequate and at times conflicting controls driving certain KPIs,</li> <li>• Gaps in the value chain (inaccurate research or forecast, human mistakes)</li> <li>• External factors (ranging from business forums and</li> </ul>

<b>Programme: Programme 1: Administration</b>								
<b>Purpose: Provide strategic leadership management and support services to the Department</b>								
Sub-Programme: Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
								stakeholder interest and commitment)
Resilient, Ethical and Capable DPWI	Spent of allocated budget	Percentage Financial Performance Level	97,5%	97%	100%	97%	3%	<p>A variance of R83m relates to delays in filling of prioritized vacant funded positions as well as delays in filling vacancies of departing employees.</p> <p>The variance of R100 million under transferred relates to the delay by NT in transferring</p>

<b>Programme: Programme 1: Administration</b>								
<b>Purpose: Provide strategic leadership management and support services to the Department</b>								
Sub-Programme: Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
								approved funding to IDC
	Vacancy rate	Percentage vacancy rate	10%	11%	11% Vacancy Rate.	11% Vacancy Rate	-	-
	Designated groups empowerment and opportunities	Designated groups in SMS level in the Department (Women and PWD)	Women 38,46% 1,04% PWD	40% Women 1.18% people with disabilities	Women: 40% PWD: 2%	Women in SMS: 40.88% PWD: 1.13%	0,88% (W) 0, 87% (PWD)	Disparities in remuneration compared to the private sector  Unavailability of suitable applicants with disabilities  Delays non-compliance to building standards to accommodate

<b>Programme: Programme 1: Administration</b>								
<b>Purpose: Provide strategic leadership management and support services to the Department</b>								
Sub-Programme: Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
								persons with disabilities
	CT architecture to enable modernization of systems	Percentage business process automation	100% business process automated	10%	30%	23%	7%	<p>The 3 business solutions are progressing well and nearing the final stages:</p> <p>E-Leave System in progress working with HR</p> <p>Fleet Management System in progress working SCM</p> <p>S&amp;T Project in progress with SCM now conducting user acceptance testing/ end-user</p>

<b>Programme: Programme 1: Administration</b>								
<b>Purpose: Provide strategic leadership management and support services to the Department</b>								
Sub-Programme: Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
								testing after which it will go live
	CT architecture to enable modernization of systems	Percentage of business solutions for digitization	New Indicator	42%	30%	24%	6%	Business solutions for digitisations have been affected by the delay in approving the procurement strategy. This also delays the recommendations to the procurement committees to conclude the process

<b>Programme: Programme 2: Intergovernmental Coordination</b>								
<b>Purpose: Provide sound sectorial intergovernmental relations and strategic partnership</b>								
<b>Sub-Programme: Intergovernmental Relations and Coordination Public Entities under NDPWI</b>								
Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for deviations
	Sector Performance	Number of Sector performance Reports	New indicator	Three (3) Governance Cluster Reports tabled to Technical MinMEC	2 sector performance review reports	2 sector performance reports	-	-
Transformed Built Environment	Reduced Built Environment Skills Gap	Number of beneficiaries participating in the DPWI skills pipeline interventions programme 1 395	1 009	2 008	1 100	1 100	-	-

<b>Programme: Programme 3: Expanded Public Works Programme</b>  <b>Purpose: coordinate the implementation of expanded public works programme which aims to create job opportunities and provide training for the unskilled, marginalized and unemployed people in South Africa</b>								
<b>Sub-Programme: Operations, Monitoring and Evaluation, Partnership Support and Coordinating Commission</b>								
Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for deviations
Optimized job opportunities	Work opportunities reported	Number of reports produced that reflect work opportunities reported by the public bodies on the EPWP-RS	New Indicators	New Indicators	4	4	-	-



<b>Programme 4: Construction and Property Industry Policy and Research</b>  <b>Purpose: Promote the growth and transformation of construction and property industries. Promote a Standardized approach and best practice in the construction and immovable asset management in the public sector</b>								
<b>Sub-Programme: Infrastructure Development Coordination</b>								
Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
Transformed Built Environment	Infrastructure Legislative Programme	Public works Bill submitted to the Minister to introduce to Parliament	New Indicators	Draft Public Works Bill was not Gazetted	Public Works Bill Gazetted	Public Works Bill not Gazetted	Public Works Bill not Gazetted	In the process of drafting the bill, clarity was sought and provided by the Office of Chief State Law Advisers (OCSLA) on the trajectory of the Draft Bill. This is being processed after which the draft will be ready for gazetting
		Amendment of Construction Industry D Board Act, Act 38 of 2000	New Indicator	New Indicator	CIDB Amendment Bill submitted to the Minister	CIDB Amendment Bill NOT submitted to Minister.	CIDB Amendment Bill not submitted to Minister.	Two opinions were received from the OCSLA in May 2022 relating to refining of relevant clauses in the bill and November 2022.

<b>Programme 4: Construction and Property Industry Policy and Research</b>  <b>Purpose: Promote the growth and transformation of construction and property industries. Promote a Standardized approach and best practice in the construction and immovable asset management in the public sector</b>								
Sub-Programme: Infrastructure Development Coordination								
Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
								<p>The review of these clauses affected the process of concluding the Draft CIDB Amendment Bill, for further inputs on the Bill.</p> <p>The last opinion require further consultations with National Treasury and Department of Justice and Constitutional Development</p>
Sustainable infrastr		Infrastructure Development Act	New Indicator	New Indicator	Infrastructure Development	Infrastructure Development	-	-

Programme 4: Construction and Property Industry Policy and Research								
Purpose: Promote the growth and transformation of construction and property industries. Promote a Standardized approach and best practice in the construction and immovable asset management in the public sector								
Sub-Programme: Infrastructure Development Coordination								
Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
		Regulations Gazetted			Act Regulations Gazetted	t Act Regulations Gazetted		
Integrated Planning and Coordination		Infrastructure Development Act (IDA) amendments submitted to Cabinet	New indicator	New indicator	Introduction of Infrastructure Development Amendment (IDA) Bill to Parliament.	Infrastructure Development Amendment Bill was not introduced to Parliament.	Infrastructure Development Amendment Bill was not introduced to Parliament.	Infrastructure Development Amendment Bill was not introduced to Parliament owing to extensive consultations with National Treasury on institutional arrangement regarding public infrastructure investment management ecosystem

Programme 4: Construction and Property Industry Policy and Research								
Purpose: Promote the growth and transformation of construction and property industries. Promote a Standardized approach and best practice in the construction and immovable asset management in the public sector								
Sub-Programme: Infrastructure Development Coordination								
Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/22	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
		Number of integrated reports of strategic integrated projects (SIPs) submitted	New Indicator	New Indicator	4 Integrated Reports on Strategic Integrated Projects (SIPs) submitted	4 Integrated Reports on Strategic Integrated Projects (SIPs) submitted	-	-
		Draft NIP 2050 Phase 2: Social and Distributed Infrastructure submitted to Cabinet	New Indicator	New Indicator	1 Draft NIP 2050 Phase 2: Social and Distributed Infrastructure submitted to Cabinet	1 Draft NIP 2050 Phase 2: Social and Distributed Infrastructure submitted to Cabinet	-	-

Programme5: Prestige								
Purpose: provide norms and standards for the prestige accommodation portfolio and meet the protocol responsibilities of the state functions								
Sub-Programme: Prestige accommodation and state functions								
Out come	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
Dignified client experience	Norms and standards	Number of planned state events supported with movable structures	New Indicator	6 planned state visits	5	5  (+ 7 unplanned events resulting in a total of 12 state events supported for the year)	-	-
		Percentage of movable asset provided within 60 working days after approval by prestige clients	83,3%	100%	100%	100	-	-

**Programme5: Prestige****Purpose: provide norms and standards for the prestige accommodation portfolio and meet the protocol responsibilities of the state functions****Sub-Programme: Prestige accommodation and state functions**

Out com e	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
		Percentage of provision of moveable assets from a condition assessment register of moveable assets	New Indicator	New Indicator	80%	0	80%	No provision of moveable assets from a condition assessment owing to the changes on the procurement approach. The changes warranted a new format and forms for procuring moveable assets.

**Programme 6: PMTE Administration**

**Purpose: Provide leadership, strategic management, governance and administrative support to the Property Management Trading Entity (PMTE)**

**Sub-Programme:**

Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
A resilient, Ethical and Capable DPWI	Spent of the allocated budget	Percentage financial performance level	100%	89%	100%	95%	5%	<p>The 5% underspending is as a result of:</p> <ul style="list-style-type: none"> <li>• 510 vacant funded positions that were not been filled. The current under spending amount to R144 million.</li> <li>• R423 million has been realised under Repair as delays have been experienced on several projects.</li> <li>• R83 million released under admin goods and services is mainly as a result of delays in procurement of services relating to projects such as Rectification of illegally Occupied Properties as well as correction of Immovable Asset Register.</li> </ul>

**Programme7: Real Estate Investment Services**

**Purpose:** To optimize unitization and maximize the value of the state property portfolio

**Sub-Programme:**

Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
Integrated Planning and Coordination	C-AMP approved	Number of approved C-AMP submitted to the NT	1	1	1	Approved CAMP submitted to NT	-	-
	Government Precinct Plans	Number of government precinct development plans aligned to NSDF, IUDF and Smart City Principles	New Indicator	New Indicator	1	1 Government Precinct Development Plans Aligned to NSDF, IUDF and Smart City Principles (Polokwane)	-	-



Programme 8: Construction Project Management								
Purpose: To provide efficient and effect delivery of accommodation needs for DPWI and user Departments through construction								
Sub-Programme: Construction Project Planning and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Integrated Planning and Coordination	Accessible Building	No. of design solution completed for identified user departments	1	2	85	87	2	Overachievement was as a result of the use of candidate engineers who work under supervision to assist with capacity challenges
		No. of projects completed within agreed construction period	56	75	75	35	40	<p>The completion of project within agreed construction time was affected by a number of factors including:</p> <ol style="list-style-type: none"> <li>1. Approval of funding by the client departments after awarding of projects also contribute to the delays in handing over sites for construction.</li> <li>2. Contractors requesting extension of time due to late finalization of IT</li> </ol>

Programme 8: Construction Project Management								
Purpose: To provide efficient and effect delivery of accommodation needs for DPWI and user Departments through construction								
Sub-Programme: Construction Project Planning and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
								<p>installation and access to certain courts and offices by the client.</p> <p>3. In Mmabatho, the project was delayed by the outcome of the legal opinion</p> <p>4. Contractors being on penalties.</p> <p>5. Poor performance by contractors.</p> <p>6. Slow progress by contractors due to financial/cash flow difficulties</p>

Programme 8: Construction Project Management								
Purpose: To provide efficient and effect delivery of accommodation needs for DPWI and user Departments through construction								
Sub-Programme: Construction Project Planning and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Productive Assets	Completed Project Spend	Number of infrastructure projects completed within approved budget	78	125	125	95	30	<p>The completion of project within approved budget was affected by a number of factors including:</p> <ol style="list-style-type: none"> <li>1. Frequent stoppage of projects by the local business forums thus contributing to projects budget over run (escalations and standing time).</li> <li>2. Slow progress by contractors due to financial/cash flow difficulties</li> <li>3. Approval of funding by the client departments after awarding of projects also contributed to the</li> </ol>

Programme 8: Construction Project Management								
Purpose: To provide efficient and effect delivery of accommodation needs for DPWI and user Departments through construction								
Sub-Programme: Construction Project Planning and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
								<p>delays in handing over sites for construction.</p> <p>4. The contractor has requested Extension of time due to late finalization of IT installation and access to certain courts and offices by the client.</p>
		No. of infrastructure sites handed over for construction	88	107	90	65	25	<p>Sites handed over for construction affected by</p> <p>1. Non responsive bidders</p> <p>2. Late approvals of Sketch Plans.</p> <p>3. Change of scope due to the assessment conducted by the</p>

Programme 8: Construction Project Management								
Purpose: To provide efficient and effect delivery of accommodation needs for DPWI and user Departments through construction								
Sub-Programme: Construction Project Planning and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
								<p>Electrical Engineering Cape Town when he realized that the HVAC system needs to be replaced.</p> <p>4. Changes in procurement forms.</p> <p>5. Vetting delays by service providers not sending information on time to security services.</p> <p>6. Clients not confirming scope on time.</p>
Sustainable infrastructure Investment	Completed Projects	No. of infrastructure projects completed	103	128	125	95	30	The underperformance with regards to

<b>Programme 8: Construction Project Management</b> <b>Purpose: To provide efficient and effect delivery of accommodation needs for DPWI and user Departments through construction</b>								
Sub-Programme: Construction Project Planning and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
								<p>completed infrastructure projects was affected by:</p> <ol style="list-style-type: none"> <li>1. Late approval of funding by the client departments after awarding of projects, contributing to the delays in handing over sites for construction.</li> <li>2. Extensions requested by contractor and lack of access to certain courts and offices by the client.</li> <li>3. Extension of time due to sourcing of the replacement contract, inclement weather, inability of the client availing the</li> </ol>

Programme 8: Construction Project Management								
Purpose: To provide efficient and effect delivery of accommodation needs for DPWI and user Departments through construction								
Sub-Programme: Construction Project Planning and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
								<p>working space for the contractor etc.</p> <p>4. Cancellation of bids due to bidders being unresponsive</p> <p>5. Contractors not performing at Taung both projects and consultant also not performing (Brits SAPS).</p> <p>6.Slow progress by contractors due to financial difficulties</p>

Programme 9: Real Estate Management Services								
Purpose: To timeously provide and manage suitable accommodation in support of user needs to meet the service delivery objectives								
Sub-Programme: Management of freehold property, and Land Administration and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Productive Assets	Lease portfolio size	Number of private leases reduced within the security cluster	0	3	3	5	2	The overachievement is as a result of additional private leases processed and reduced within the financial year
	Rand value savings on the identified portfolio of assets	Savings realized on identified private leases	R1 595 025, 95	R273 220 668. 65	R100 Million	R165 149 993 .35 million	R65.149 993. 35 million	Savings were realized owing to a significant reduction in the month to month leases by 77% (571 to 132)
	Rand value Revenue Generated	Percentage increase in revenue generation through letting of State-owned properties	0%	2,8% (R11 590 727. 03)	8%	80%	72%	Leases concluded had a high value resulting in more revenue generated



Programme 9: Real Estate Management Services								
Purpose: To timeously provide and manage suitable accommodation in support of user needs to meet the service delivery objectives								
Sub-Programme: Management of freehold property, and Land Administration and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
		(excluding harbour properties)						
	Number of unutilized vacant state owned properties let out	Number of unutilized vacant state owned properties let out	63	37	100	35	65	Initial guidelines developed were inadequate and had to be revised to suit the changing environment  Guidelines to being implemented
Transformed Built Environment	Empowered designated groups (women, Youth and PWD)	Number of unutilized vacant state owned properties let out for GBV purposes	New Indicator	New Indicator	10	22	12	Programme prioritized more properties to let out resulting in the overachievement

Programme 9: Real Estate Management Services								
Purpose: To timeously provide and manage suitable accommodation in support of user needs to meet the service delivery objectives								
Sub-Programme: Management of freehold property, and Land Administration and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Dignified Client Experience	Customer centric organizations	Percentage leases awarded to companies with categories A, B and D of approved Property Empowerment Policy	New Indicator	55%	35%	75% (6 of 8)	40%	Concluded leases were awarded to companies with categories A, B and D of approved
Productive Assets	Signed lease agreements Empowered designated groups (women, Youth and PWD)	Percentage leases let out to companies with BBBEE of 4 and above.	New Indicator	0.028%	50%	54% (19 of 35)	4%	The actual figure of companies with BBBEE certificates is 19.  The remaining 16 are tenants without BBBEE certificates (include both companies and individuals)

Programme 9: Real Estate Management Services								
Purpose: To timeously provide and manage suitable accommodation in support of user needs to meet the service delivery objectives								
Sub-Programme: Management of freehold property, and Land Administration and Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	Customer centric organizations	Percentage of new private leases signed with a maintenance plan.	100%	100%	100%	100% (9 of 9)	-	-
	Ha released from DPWI portfolio for development of infrastructure programme	Ha released from the DPWI portfolio for development of infrastructure programs and socio-economic objectives.	32 143, 8356 hectares	20 102,3419 hectares of projects were closed	161 913 hectares	120 997.71 Hectares (110 land parcels)	40 916 hectares	Insufficient requests and information received from DALRRD resulted in delays in quantifying the hectares to released

### Programme 10: Real Estate Information Registry Services

**Purpose:** To develop and maintain the Immovable Asset Register (IAR) which supports DPWI/PMTE business requirements and to provide oversight, regulation and monitoring of the IAR for the State.

#### Sub-Programme: Asset Registry Services and Conveyancing

Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for deviations
Integrated Planning and Coordination	Compliance verifications	Number of National and Provincial Immovable asset registers assessed for compliance.	9	9	9	9 Provincial immovable asset registers assessed	-	-
Productive Assets		Number of immovable assets physically verified to validate existence and assess conditions	12 035	18 692	23 860	21 587	2 273	<p>Owing to the previous disclaimer on the Asset register, efforts were geared towards addressing the audit issues and improve the audit outcome for the period under review.</p> <p>Parallel to this exercise, the Department also ran the process of upgrading the physical verification tool as a result the migration of data from the old system to the new system took some time</p>

**Programme 10: Real Estate Information Registry Services**

**Purpose:** To develop and maintain the Immovable Asset Register (IAR) which supports DPWI/PMTE business requirements and to provide oversight, regulation and monitoring of the IAR for the State.

**Sub-Programme: Asset Registry Services and Conveyancing**

Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for deviations
								<p>Owing to the previous disclaimer on the Asset register, efforts were geared towards addressing the audit issues and improve the audit outcome for the period under review.</p> <p>Parallel to this exercise, the Department also ran the process of upgrading the physical verification tool as a result the migration of data from the old system to the new system took some time</p>

<b>Programme 11: Facilities Management</b>  <b>Purpose: To ensure that immovable asset used by government department and the public are optimally utilized and maintained in a safe, secure, healthy and economic environment whilst contributing to job creation, skills development and poverty alleviation</b>								
Sub-Programme: Scheduled maintenance and unscheduled maintenance								
Outcome	Output	Output Indicator	Actual Achievement 2020/21	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
Productive Assets	Conditions of buildings and critical components	Number of conditions assessments conducted on identified/prioritized properties	118	236	220	107	113	<p>There were 79 facilities targeted for condition assessments, maintenance plans and development of specifications for term contracts implementation. Owing to the backlog, the roll out of FM initiatives with regard to condition assessment was affected.</p> <p>Delays experienced delays in the roll-out of the Multidisciplinary Technical Team Panel to complement the current capacity.</p>
		Number of critical components assessed to determine conditions of components (lifts, boilers, HVAC and Gensets and Water systems)	209	300	440	140	300	<p>Delays experienced delays in the roll-out of the Multidisciplinary Technical Team Panel which affected the critical components to be assessed as per the target.</p>

**Programme 11: Facilities Management**

**Purpose:** To ensure that immovable asset used by government department and the public are optimally utilized and maintained in a safe, secure, healthy and economic environment whilst contributing to job creation, skills development and poverty alleviation

**Sub-Programme: Scheduled maintenance and unscheduled maintenance**

Outcome	Output	Output Indicator	Actual Achievement 2020/21	Actual Achievement 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for deviations
Dignified client experience	Maintained facilities	Number of preventative maintenance contracts to reduce reactive maintenance	New Indicator	238	180	163	17	Lack of capabilities to complete technical specifications for term contracts for critical components. The interpretation of local content further delayed the procurement process.  Also facing the challenge of getting suitable service providers

## 2.5 Strategy to overcome areas of under performance

- **Human Resource Capacity**

The Department continues with its intensive recruitment drive to ensure that it has the required skills and competencies continuous improvement to deliver on its mandate and objectives. The focus will be on technical skills required in areas where performance has been lacking.

Part of the capacitation programme will be a concerted effort to empower Women, Youth and Persons with Disabilities and towards the achievement of the National Employment Equity targets of 50% for women in SMS and 2% respectively for Persons with Disabilities.

- **Information and Communication Technology (ICT)**

The IT environment will have to play a significant role in improving the capability of the Department to be resilient and responsive to any form of disaster. The programme should ensure availability and continuity of IT services at a time of need. The ICT function will continue to optimise the controls around governance, risks, security, networks and systems management. The successful implementation of the backup and recovery solution addresses business continuity risk. Digitisation and automation of systems will key for the next financial year to ensure proper systems integration and improve the quality of data.

- **Maintenance of Public Facilities**

The current maintenance programme is dominated by reactive maintenance, where calls logged for failed components or emergency situations are the main trigger of maintenance activities. Previous analysis performed have revealed that the unplanned component of maintenance can account for more than 80% of the total maintenance expenditure. This is a reversal of best-practice norms, where reactive maintenance amount to 20% of maintenance expenditure. Movement towards an 80/20 split between planned and unplanned maintenance requires the current facility condition and nature of components in asset to be known and recorded in a system.

## 2.6 Linking performance with budgets

**Table 2.3: Budget Allocation per Programme Programmes**

	<b>Allocation R`000</b>	<b>Allocation as %</b>
Programme 1: Administration	555 009	7%
Programme 2: Intergovernmental Coordination	59 505	1%
Programme 3: Expanded Public Works programme	3 023 397	37%
Programme 4: Property and Construction Industry Policy and Research	4 447 159	54%
Programme 5: Prestige Policy	67 659	1%
<b>Total</b>	<b>8 152 729</b>	<b>100%</b>



### Expenditure Analysis (Summary)

A summary of the Department's financial performance is provided in Tables 2.4, 2.5, 2.6 and 2.7 which show the overall budget and expenditure as well as spending per economic classification.

**TABLE 2.4: Expenditure Analysis**

	<b>2022/23</b>	<b>2021/22</b>
	<b>R'000</b>	<b>R'000</b>
Budget allocation	8 152 729	8 354 210
Actual Expenditure	7 910 167	8 082 195
Actual: Spent Budget %	97.0%	96.7%
<b>Unspent funds</b>	<b>242 562</b>	<b>272 015</b>
<b>Actual: Unspent Budget %</b>	<b>3.0%</b>	<b>3.3%</b>

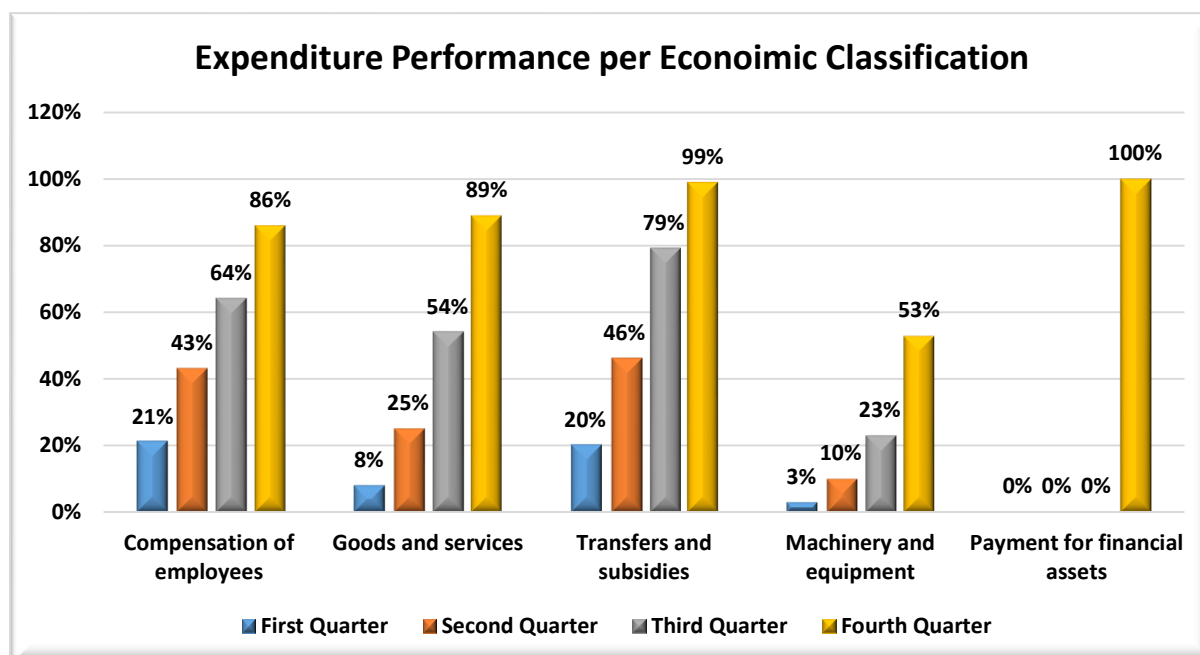
**TABLE 2.5: Expenditure Analysis per Programme**

	2022/23				2021/22		
	Final Appropriation	Actual Expenditure	Variance	Expenditure as %	Final Appropriation	Actual Expenditure	Expenditure as %
	R'000	R'000	R'000	%	R'000	R'000	%
Administration	555 009	501 103	53 906	90.3%	504 598	416 494	82.5%
Intergovernmental Coordination	59 505	47 776	14 429	80.3 %	58 541	44 202	75.5%
Expanded Public Works Programme	3 023 397	2 982 840	40 557	98.7%	2 921 000	2 811 509	96.3%
Property And Construction Industry Policy and Research	4 447 159	4 329 002	118 517	97.3%	4 780 965	4 757 194	99.5%
Prestige Policy	67 659	49 447	18 212	73.1%	89 106	52 796	59.3%
<b>Totals</b>	<b>8 152 729</b>	<b>7 910 167</b>	<b>242 562</b>	<b>97.0%</b>	<b>8 354 210</b>	<b>8 082 195</b>	<b>96.7%</b>

**TABLE 2.6: Spending Per Economic Classification – DPW**

	2022/23				2021/22		
	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Expenditure as % of final appropriation
	R'000	R'000	R'000	%	R'000	R'000	%
<b>Current payments</b>							
Compensation of employees	596 930	514 158	82 772	86.1%	578 887	497 360	85.9%
Goods and services	479 358	428 556	50 803	88.8%	392 955	279 591	71.2%
<b>Transfers &amp; subsidies</b>							
Provinces & municipalities	1 636 351	1 636 342	9	100.0%	1 595 629	1 594 154	99.9%
Departmental agencies & accounts	4 087 700	4 087 700	-	100.0%	4 526 375	4 526 375	100.0%
Foreign governments & international organisations	28 432	28 432	-	100.0%	28 265	28 265	100.0%
Public corporations & private enterprises	260 675	160 675	100 000	61.6%	180 972	180 972	100.0%
Non-profit institutions	1 032 693	1 032 693	-	100.0%	1 020 414	956 134	93.7%
Households	9 894	9 890	4	102.3%	13 256	13 256	100.0%
<b>Payment for capital assets</b>							
Machinery & equipment	19 095	10 121	8 974	53.2%	17 322	5 953	34.4%
Payment for financial assets	1 601	1 601	-	-	135	135	100.0%
<b>Total</b>	<b>8 152 729</b>	<b>7 910 167</b>	<b>242 562</b>	<b>97.0%</b>	<b>8 354 210</b>	<b>8 082 195</b>	<b>96.7%</b>

Departmental spending for the period under review is R7.91 billion which represents 97% of the adjusted budget of R8.153 billion. Underspending of R244 million mainly relates to compensation of employees, goods and services, transfers and subsidies and machinery and equipment.



Details of underspending per programme and economic classification is discussed below:

- **Programme 1: Administration**

The underspending of R54 million in Programme 1 relates to:

- Compensation of employees underspending of R35 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services underspending of R17 million mainly due to delays in receipt of invoices for goods and services rendered, implementation of the cost containment measures and higher projections than the actual expenditure.
- Machinery and equipment underspending of R1 million is due to a delays in delivery of the procured equipment.

- **Programme 2: Intergovernmental Coordination**

The underspending of R11 million in Programme 2 relates to:

- Compensation of employees underspending of R11 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.

- **Programme 3: Expanded Public Works Programme**

The underspending of R41 million in Programme 3 relates to:

- Compensation of employees underspending of R16 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.

- Goods and services underspending of R24 million is mainly due to implementation of the cost containment measures and higher projections than the actual expenditure.
- Machinery and equipment under spending of R508 000 is due to delays in the acquisition of assets linked to the projected filling of the vacant positions.

○ **Programme 4: Property and Construction Industry Policy and Research**

The underspending of R117 million in Programme 4 relates to:

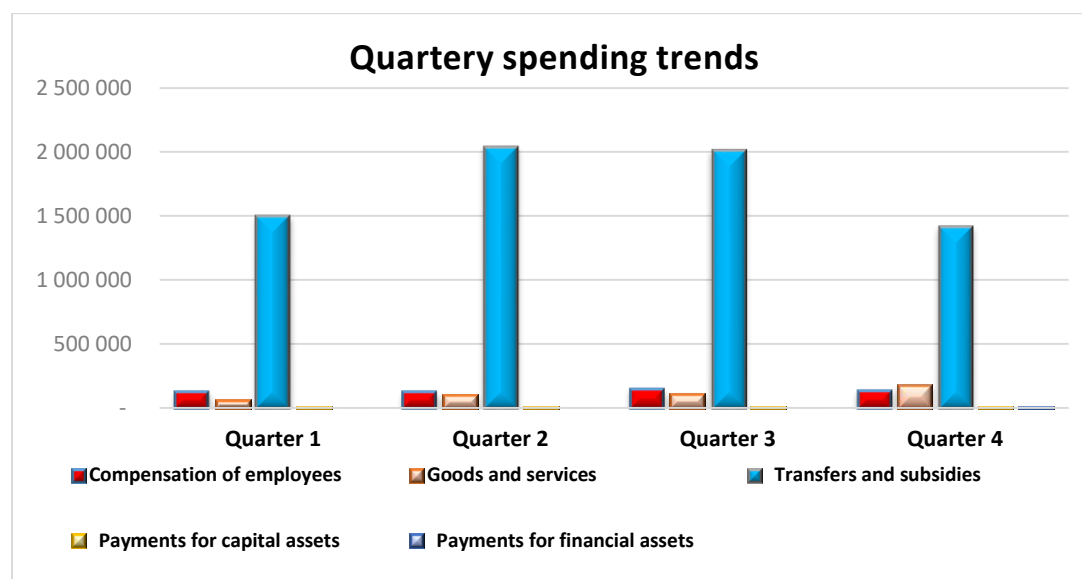
- Compensation of employees underspending of R17 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Transfers and subsidies the underspent budget of R100 million was allocated after the adjustments estimates process and the funding was allocated with conditions before funds can be transferred for the programme to be implemented. The delays in fulfilling the conditions due to the external factors resulted in funds not being transferred. The funding was allocated for the implementation for the project preparation implemented by Infrastructure South Africa.

○ **Programme 5: Prestige Policy**

The underspending of R18 million in Programme 5 relates to:

- Compensation of employees underspending of R3 million is mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services underspending of R8 million is mainly due to the implementation of the cost containment measures and less number of the activities than projected.
- Machinery and equipment underspending of R4 million is mainly due to lower than projected spending on the planned acquisition of assets.

● **Spending trends**



The quarterly expenditure variances for the Department is an average of R1.977 billion with the high spending of R2.254 billion, and the lowest been R1.676 billion in the first and third quarter

respectively. High spending for the Department relate to the transfer payments to the PMTE, Provinces and Municipalities for EPWP conditional grants, Non-state Sector programme and other departmental entities. Transfers and subsidies equate to 86% of the Departmental budget allocation, and the balance is allocated to current payments for compensation of employees and goods and services.

## 2.7 Transfer Payments

NAME OF PUBLIC ENTITY	KEY OUTPUTS OF THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY	AMOUNT SPENT BY THE PUBLIC ENTITY	ACHIEVEMENTS OF THE PUBLIC ENTITY
Agrément South Africa	<ul style="list-style-type: none"> <li>Implementation of Eco Label Scheme.</li> <li>Agrément certification projects managed and finalized within timeframes.</li> <li>Quality Assurance on all certificates in use.</li> <li>Inclusion of eco-labelling (ecoASA and green building rating tool schemes) to promote sustainable development</li> </ul>	R33 951 000	R41 197 000	<ul style="list-style-type: none"> <li>Completion of certification projects</li> <li>Conducting of quality reviews</li> <li>Research to complete eco-labelling specifications</li> <li>Feasibility study for the development and implementation of a DPWI Green Building Rating Tool (GBRT) developed</li> </ul>
Council for the Built Environment	<ul style="list-style-type: none"> <li>Provision of advisory services to Government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and such services are derived mainly through research work;</li> <li>Facilitate inter-governmental co-operation concerning issues relating to the built environment;</li> <li>Successfully act as an appeals body on matters referred to CBE in terms of the law regulating the Built Environment Professions.</li> </ul>	R54 495 000	R54 016 000	<ul style="list-style-type: none"> <li>23 marketing communication activities undertaken to raise the profile of the CBE.</li> <li>100% of CBE's revised Organisational structure action plan's identified Priorities implemented by 31 March 2023.</li> <li>IT Strategy that includes IoT and 4IR Initiatives Roadmap completed and implemented by 31 March 2023.</li> <li>A programme supporting the involvement of women-owned professional practices in the delivery and maintenance of Built Environment infrastructure developed by 31 March 2023.</li> <li>A programme promoting youth involvement and development in the Built Environment by 31 March 2023.</li> </ul>

NAME OF PUBLIC ENTITY	KEY OUTPUTS OF THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY	AMOUNT SPENT BY THE PUBLIC ENTITY	ACHIEVEMENTS OF THE PUBLIC ENTITY
	<ul style="list-style-type: none"> <li>Approved programmes for professionals and candidates appointed by the State.</li> </ul>			<ul style="list-style-type: none"> <li>36 District Municipalities supported through monitoring the implementation of the Built Environment Structured Candidacy Programme</li> <li>Six WIL students were placed for practical work experience during the financial year</li> <li>Approved programmes established for Built Environment professionals and candidates for implementation by the National School of Government by 31 March 2023</li> </ul>
Construction Industry Development Board	<ul style="list-style-type: none"> <li>Ongoing administration and management of the national Register of Contractors and Register of Projects</li> <li>Implementation of the B.U.I.L.D Programme, Stakeholder capacitation conducted countrywide.</li> <li>Production of industry construction monitors providing insight into the construction industry for policy makers and industry stakeholders</li> </ul>	R80 012 000	R 225 131 743  This amount comprises expenditure from the from revenue collected from contractor annual fees to a total of R90 373 883	<ul style="list-style-type: none"> <li>Two research reports produced</li> <li>Recommendation Report produced on revised registration criteria</li> <li>3000 projects registered in the Register of Projects</li> <li>100% contractors registered in the Register of Contractors</li> <li>4 industry monitoring and evaluations conducted.</li> </ul>
Independent Development Trust	<ul style="list-style-type: none"> <li>Number of new or replacement facilities that comply with infrastructure norms completed</li> <li>Percentage of weighted B-BBEE Spend (Based on total programme spend)</li> <li>Percentage of projects completed on time</li> <li>Number of work opportunities created through EPWP (EPWP-NSS)</li> </ul>	R70.3 million	R70.3 million	<ul style="list-style-type: none"> <li>75% projects completed within budget               <ul style="list-style-type: none"> <li>18 new or replacement facilities that comply with infrastructure norms completed</li> <li>31 non-greenfield social infrastructure facilities that comply with infrastructure norms completed</li> <li>45% weighted B-BBEE Spend (Based on total programme spend)</li> <li>124 contractors participating in the IDT Contractor Development Programme (CDP) – (CDP Panel)</li> </ul> </li> </ul>



NAME OF PUBLIC ENTITY	KEY OUTPUTS OF THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY	AMOUNT SPENT BY THE PUBLIC ENTITY	ACHIEVEMENTS OF THE PUBLIC ENTITY
	<p>excluding IDT programme portfolio)</p> <ul style="list-style-type: none"> <li>• Number of construction work opportunities created (IDT Portfolio)</li> <li>• Value of programme spend</li> </ul>			<ul style="list-style-type: none"> <li>• 55% Women Contractors Participating the IDT Contractor Development Programme</li> <li>• 42% youth contractors participating in the IDT Contractor Development Programme</li> <li>• 3 187 construction work opportunities created (IDT Portfolio)</li> <li>• 117 278 work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)</li> <li>• With assistance of DPWI and GTAC draft Business Case developed as part of the conclusion of the reconfiguration process aimed at finding the most suitable corporate form and shape for the IDT, growing the IDT business portfolio, and creating a more agile, responsive IDT.</li> </ul>

## EPWP Conditional Grants

### *EPWP Integrated Grant for Provinces*

The Expanded Public Works Programme (EPWP) Integrated Grant for Provinces had an allocation of R433.098 million in 2022/23 financial year. As at the 31st of March 2023, a total of R433.098 million was transferred to eligible Provincial Departments, which is 100% of the allocation. The Provincial Departments reported expenditure of R418.141 million, which is 97% of the grant allocation. The Table 1 below, provides details of the EPWP Integrated Grant for Provinces for the period 1 April 2022 to 31 March 2023.

### **EPWP Integrated Grant for Provinces**

EPWP Integrated Grant for Provinces (Public Works Vote 11)	The Grant has been transferred to Provincial Departments - nationally
<b>Purpose of the grant</b>	To incentivise Provincial Departments to expand work creation efforts through the use of labour-intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: <ul style="list-style-type: none"> <li>– road maintenance and the maintenance of buildings</li> <li>– low traffic volume roads and rural roads</li> <li>– other economic and social infrastructure</li> <li>– tourism and cultural industries</li> <li>– sustainable land based livelihoods</li> <li>– waste management</li> </ul>
<b>Expected outputs of the grant</b>	<ul style="list-style-type: none"> <li>– Number of people employed and receiving income through the EPWP</li> <li>– Increased average duration of the work opportunities created</li> <li>– Number of full-time equivalents (FTEs) to be created through the grant</li> </ul>
<b>Actual outputs achieved</b>	The total FTE's created is 69 172
<b>Amount per amended DORA</b>	R433.098 million
<b>Amount transferred</b>	R433.098 million
<b>Reasons if amount as per DORA not transferred</b>	N/A.
<b>Amount spent by the Provincial Departments</b>	R418 million
<b>Reasons for the funds unspent by the entity</b>	The unspent funds is as a result of delays in implementation of grant funded projects by Provincial Departments.
<b>Monitoring mechanism by the, transferring department</b>	The EPWP Integrated Grant for Provinces is monitored through the following: <ul style="list-style-type: none"> <li>- In-Year Monitoring (IYM) reports submitted on a monthly basis by Provincial Departments,</li> <li>- Quarterly Evaluation reports,</li> <li>- Public body visits undertaken; and</li> <li>- Reports on work opportunities reported by public bodies and as extracted from the EPWP Reporting System.</li> </ul>

### **EPWP Integrated Grant for Municipalities**

The EPWP Integrated Grant for Municipalities had an allocation of R778.395 million in the 2022/23 financial year. By the 31st of March 2023, a total of R778.395 million was transferred to municipalities and this is 100% of the allocation. The municipalities reported expenditure to the amount of R644.655

million, which is 83% of the allocation. The implementation of this grant is aligned to municipal financial year, therefore municipalities incur expenditure up to the end of municipal financial year, which is 30 June 2023.

#### EPWP Integrated Grant for Municipalities

EPWP Integrated Grant for Municipalities (Public Works Vote 11)		The grant has been transferred to municipalities - nationally
<b>Purpose of the grant</b>	<p>To incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:</p> <ul style="list-style-type: none"> <li>– road maintenance and the maintenance of buildings</li> <li>– low traffic volume roads and rural roads</li> <li>– basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure)</li> <li>– other economic and social infrastructure</li> <li>– tourism and cultural industries</li> <li>– waste management</li> <li>– parks and beautification</li> <li>– sustainable land-based livelihoods</li> <li>– social services programmes</li> <li>– community safety programmes</li> </ul>	
<b>Expected outputs of the grant</b>	<ul style="list-style-type: none"> <li>– Number of FTEs to be created through the grant</li> <li>– Number of people employed and receiving income through the EPWP</li> <li>– Number of days worked per work opportunity created</li> </ul>	
<b>Actual outputs achieved</b>	The total FTE's created is 74 985	
<b>Amount per amended DORA</b>	R778.395 million	
<b>Amount transferred</b>	R778.395 million	
<b>Reasons if amount as per DORA not transferred</b>	N/A	
<b>Amount spent by the Municipalities</b>	R644.655 million	
<b>Reasons for the funds unspent by the entity</b>	<p>The implementation of the grant is aligned to the municipal financial year which ends on the 30<sup>th</sup> of June each year. The remaining balance will be spent in the fourth quarter of municipal financial year.</p>	
<b>Monitoring mechanism by the transferring Department</b>	<p>The EPWP Integrated Grant for Municipalities is monitored through the following:</p> <ul style="list-style-type: none"> <li>- IYM reports submitted on a monthly basis by the Municipalities;</li> <li>- Quarterly Performance reports;</li> <li>- Public body visits; and</li> <li>- Reports on work opportunities reported by public bodies and as extracted from the EPWP Reporting System.</li> </ul>	

#### Social Sector EPWP Incentive Grant for Provinces

The allocation for the Social Sector EPWP Incentive Grant was R424.848 million in the 2022/23 financial year. By the 31st of March 2023, 100% of the allocation was transferred to eligible Provincial Departments. The total expenditure reported by provinces is R412.476 million, which is 97% of the allocation.

#### Social Sector EPWP Incentive Grant for Provinces

<b>Social Sector EPWP Incentive Grant for Provinces (Public Works Vote 11)</b>		The grant has been transferred to provincial Departments - nationally
<b>Purpose of the grant</b>	To incentivise Provincial Social Sector Departments, identified in the EPWP Social Sector Plan, to increase work opportunities by focusing on the strengthening and expansion of Social Sector programmes that have employment potential.	
<b>Expected outputs of the grant</b>	<ul style="list-style-type: none"> <li>– 9 852 Full-Time Equivalents (FTEs) funded through the grant</li> <li>– A minimum of 11 329 people employed and receiving income through the EPWP grant</li> <li>– A minimum average duration of 200 person days for work opportunities created</li> <li>– A minimum of 150 000 beneficiaries provided with social services</li> </ul>	
<b>Actual outputs achieved</b>	<ul style="list-style-type: none"> <li>– 18 398 FTE's created</li> <li>– 24 022 people were employed</li> <li>– Average duration of 183 person days for work were achieved</li> <li>– 212 964 beneficiaries received the services</li> </ul>	
<b>Amount per amended DORA</b>	R 424.848 million	
<b>Amount transferred</b>	R 424.848 million	
<b>Reasons if amount as per DORA not transferred</b>	N/A	
<b>Amount spent by the Provincial Departments</b>	R412.476 million	
<b>Reasons for the funds unspent by the entity</b>	Some Provincial Departments could not spend the full allocation due to the late start of some projects.	
<b>Monitoring mechanism by the transferring department</b>	<p>The Social Sector EPWP Incentive Grant for Provinces is monitored through the following:</p> <ul style="list-style-type: none"> <li>- IYM reports submitted on a monthly basis by the provincial Departments,</li> <li>- Quarterly performance reports</li> <li>- Public body visits; and</li> <li>- Reports on work opportunities reported by public bodies and as extracted from the EPWP Reporting System.</li> </ul>	

### Challenges experienced in the 2022/23 financial year

- Delays in implementation of grant projects by public bodies that resulted in underspending of the grant allocation. The delays in implementation of projects is normally due to internal challenges within public bodies.
- Delays in submission of reports and reporting of projects on the EPWP Reporting System
- Further alignment of projects to labour intensive methods are required for there is an opportunity to create more work opportunities with existing budgets.
- Poor and under-reporting of work opportunities by public bodies.

### Measures in place to address the challenges mentioned above:

- DPWI conducts workshops to provide the understanding of the EPWP Integrated Grant and compliance requirements to the Division of Revenue Act, 2022
- DPWI provides technical support to public bodies to ensure better planning and implementation of projects.
- Provision of support to public bodies to help with the reporting of projects.
- Ensuring accountability of public bodies in terms of record-keeping and reporting through the development of EPWP standard operating procedure.

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## CHAPTER 3

### GOVERNANCE

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#### 3.1 Introduction

Governance in the Department is understood as an oversight tool and the process to manage and mitigate departmental risks. This tool cuts across the entire organisation and tie into every aspect of the organisation. The substance of governance objectives is closely connected to the well-being of the organisation. The Department has structured its governing bodies in different ways containing three key components that focus on the following tasks: providing strategic leadership, defining the business of the Department and analysing technical environment within which the Department operates, policies and solutions. Some of the main features of governance practices in the Department are discussed below. This chapter focuses largely on outcomes 1: **Resilient, Ethical and Capable DPWI with** to reinvent the Department to be Agile, Ethical, Compliant and Capable, where everyone wants to work, with improved efficiencies achieved through seamless automated processes and a robust support infrastructure to enable effective service delivery.

#### 3.2 Risk Management

The Department has approved Risk Management Policy, Risk Management Strategy and a Plan, the Risk Management Policy is reviewed every three years, the strategy and the plan is reviewed annually in line with changes in environment to reflect the current stance on risk management.

The Department conducts risk assessment/reviews for both strategic and operational risks annually to evaluate the status of risks identified with regard to the progress on the implementation of action plans, and have identified key risk indicators which will also assist to monitor progress on implementation of action plans as well as determine the level of risk exposure at residual level of the risks considering the strategic objectives. The Department adopted an outcomes approach as a planning methodology prescribed by the DPME framework, which integrate the elements of risk identification during the planning stage. The department has been intensely involved in the review of Departmental risks through branch consultations.

Emerging risks are identified when monitoring is conducted on a quarterly basis and as and when there are any changes in the Department's operations and respective units are consulted for further engagements and to bring the emerging risks to the attention of the risk owner. The current risk registers are then updated with such emerging risks which are also monitored on a quarterly basis.

The department has a functional Risk Management Committee with sits on quarterly basis as per the RMC Charter, and the committee is chaired by an independent Chairperson appointed by the DG.

Discussion and resolutions taken at RMC are escalated to the EXCO meetings for further discussions and decision making and subsequently progress on risk management status is also tabled at the Audit Committee.

The Audit Committee is responsible for oversight of the Department's control, governance and risk management and provides an independent and objective view of the Department's risk management effectiveness. The Audit Committee monitors the implementation of risk management processes and advise management on how to improve the effectiveness of risk management in the department.

### 3.3 Fraud and Corruption

The Department's fraud prevention plan and how it has been implemented

The Department of Public Works and Infrastructure's fraud prevention plan is informed by the nature and the common forms of fraud and corruption risks prevalent in the Department and other pro-active measures. The Department has implemented a Risk Management Plan as part of fraud prevention (as prevention is considered as a first line of defense against unethical behaviours). The objective of the Department's fraud prevention plan is to provide a holistic and integrated approach to fighting, promote ethics and improvement of internal controls.

The implementation of the Department's fraud prevention plan includes annually updating the Department's fraud risk register, through the assessment of fraud risks, development of mitigating factors and monitoring of implementation plans. The Department through its internal investigations, further identifies areas for recommendations of improvement of internal controls to avoid re-occurrence and consideration as emerging fraud risks.

The Department annually conducts a fraud survey to assess amongst others, the knowledge and understanding of issues relating to fraud and corruption within the Department, including reporting of incidents of fraud and corruption, awareness of fraud, corruption and ethics within the Department. The outcome of the survey is considered during the review of the Department's fraud prevention strategy. The Department as part of the implementation of fraud prevention plan also rolled out the advocacy campaigns to create awareness around issues related to fraud, corruption and ethics and feedback from the campaigns is also considered during the review of the strategy.

The Department has a dedicated internal capacity to investigate allegations of fraud and corruption and on completion of an investigation, recommendations for corrective action are made to management for consideration.

Mechanisms in place to report fraud and corruption and how these operate e.g. Whistle-blowing - the need for officials to make confidential disclosure about suspect fraud and corruption

The Code of conduct for Public Service requires every employee irrespective of position to report corruption to the appropriate authorities. Prevention and Combating Corrupt Activities Act no 12 of 2004 requires a person in position of authority in both public and private sector to report corruption, and other crimes involving less or more than R100 000, to the police. If knowingly/ought to have known but fail to report, will be guilty of a crime. For open reporting the Unit receive reports through Walk-in, emails, telephone via Director: Anti-Corruption Unit (ACU), Acting Director General, Deputy Director General GRC, Deputy Minister and Minister. For closed reporting an anonymous number 0800 701 701 (National Anti-Corruption Hotline) can be utilised.

The Department has Whistle-Blowing policy to provide for officials and stakeholders to report allegations of fraud and corruption without fear of victimization and/ or discrimination. According to the Protected Disclosure Act no 5 of 2017, victimization or harassment can be in the form of occupational detriment and/ or unfair dismissal and whistle-blowers are encouraged to report any incidences of harassment or victimization related to reports made to the Department.

The Department encourages whistle-blowers, who suspects incidents of fraud and corruption within the Department to contact a National Anti-Corruption Hotline 0800 701 701. The reports can also be made through the office of the DDG GRC, DIR ACU and/ or a platform called Talk to the DG, Deputy Minister and the Minister on the Departmental website.

– **How these cases are reported and what action is taken**

Various forms of reporting are available e.g. Request from Management, Tip offs from internal and external stakeholders National Anti-Corruption Hotline (NACH) 0800707701, and all other applicable reporting mechanisms available to members of the Public e.g. emails to DG / DM/ Minister etc.

Allegations reported to the Department are screened and/ or assessed to establish whether they meet the minimum elements of fraud and corruption, allegations without elements of fraud and corruption but rather management issues, are referred to respective Branches for further handling.

Allegations reported are registered on the Register of Allegations that is maintained within the Anti-Corruption and Fraud Awareness Unit and allocated a reference number. Investigation reports with recommendations of corrective action e.g. disciplinary action and civil recovery are referred to the Branch Corporate Services to initiate the disciplinary proceedings and civil recoveries. Recommendations with the elements of criminality are referred to the South African Police Services for criminal investigations.

### **3.4 Minimising Conflict Of Interest**

To ensure a compliant supply chain and to prevent and detect collusive practices within the procurement value chain, the department has implemented the below control measures to minimise conflicts of interest;

- All officials involved in supply chain processes are required to annually sign Form PA00 “Code of Conduct for all DPWI Officials Engaged in Supply Chain Management”. The Form requires officials to declare in writing all business, commercial and financial interests.
- Officials involved in tender processes related to the development of specifications, evaluation and recommendation of tender awards, are required to complete and sign Form PA18 “Declaration of Interest and Confidentiality”. This is a mandatory requirement and no tender specification, evaluation or adjudication meeting proceeds if this requirement is not adhered to.
- All SCM officials are required to submit on a quarterly basis a “Related Party Disclosure” Form which requires them to disclose in detail the participation of spouses and close family members in any partnerships, close corporations and / or companies.
- In instances where an official declares a conflict of interest, the members at the meeting then deliberate on the nature of the conflict of interest to determine if it is material to the item under discussion. Legal services opinion is also sought where required. If a declared conflict is considered material, the member is immediately recused from the meeting and the disclosed conflict is recorded.
- All SCM officials are also subjected to a security vetting and screening process.
- The SCM Policy prohibits employees of the State from conducting business with any organ of the state. Bidder(s) that are found to be employed by the State are thus disqualified from the bidding process.
- To promote segregation of duties and to minimise collusive practices, the department processes electronic nomination and rotation of suppliers for quotation transactions by using a sourcing system that interfaces with the National Treasury Central Supplier Database (CSD).



The CSD is also utilised to scrutinize ownership and directorship of ALL service providers to determine if they are employed by the State or restricted from doing business with the State.

- The departmental standard bidding procedures make it mandatory for all bidders to complete and submit Form PA11 “Bidders Disclosure”. The PA11 requires the bidder to declare any affiliation with any member of the department as well as declare whether they have interest in other companies whether or not they are bidding for the project.
- All external professional service providers that undertake risk assessments on contractors are required to complete a “Consultant Declaration of Interest” Form which requires the external party conducting the risk assessment to declare any potential conflict of interest with the party on whom the risk assessment is being conducted.
- To identify amongst others any potential conflicts of interest, the department introduced the use of external probity auditors to review tender processes.
- Members serving in Bid Adjudication Committees are rotated annually whilst members serving in Bid Specification and Bid Evaluation Committees are rotated per project. This to dilute interest.

### **3.4 Code of Conduct**

Section 195 (1) (a) of the Constitution requires that “a high standard of professional ethics must be promoted and maintained” in public administration generally. It is against this background that the Code of Conduct for the Public Service was promulgated under the Public Service Act in Chapter 2 of the Public Service Regulations as amended. The Code of Conduct contained in chapter 2 Part 1 of the Public Service Regulations as amended provides employees with sets of rules and standards of conduct expected from Public Servants. The purpose of the Code is to ensure that employees conform to the basic values and principles that govern public administration as provided for in various legislations and prescripts. The Code of Conduct in the Public Service provides a set of rules, values and ethical principles that public servants should adhere to. The Code also provide sets standards on how public servants should conduct themselves from an ethical point of view both their individual conduct, the performance of their duties and their relationship with others. The purpose of the Code is to promote ethical conduct, good governance and enhance professionalism in the public service. It serves to promote ethical and professional behaviours<sup>89</sup> among employees in the Public Service in order to enhance service delivery, and to restore confidence and trust in the public service. In the period under review, the Department adhered to the Code of Conduct and the service charter because employees are subjected to disciplinary processes for contravention of the same. The Code of Conduct and Service Charter is circulated to all Departmental users to serve as a reminder of their obligation to comply with same. Further, training on the Code of Conduct is conducted for newly appointed employees as part of the induction with an intention to establish and maintain an ethical culture in the Department

### **3.5 Health Safety and Environmental Issues**

The Occupational Health and Safety Compliance is a Directorate within the Facilities Management Branch responsible for ensuring compliance with the Occupational Health and Safety Act & Regulations (OHS Act), Act 85 of 1993, South African National Standards, and the Municipal By-Laws in the respective local authorities as well as the National Railway Safety Regulator Act no 16 of 2002.

This is achieved through continuous scheduled and unscheduled building inspections as well as construction inspections.

The Department of Public Works and Infrastructure, through its Occupational Health and Safety Compliance directorate has continued to advice and educate staff on the importance of Occupational Health and Safety in the work place. As part of the awareness, various habitual preoccupations that most office workers are involved in have adverse effects on their physical well-being. Guided by the Occupational Health and Safety Act 85 of 1993, inspections are conducted on both State and Leased facilities as well as Construction Projects to monitor the level of compliance. Most of the Facilities which are found not complying with the requirements of the OHS legislation and municipal By-Laws, the reports are compiled with recommendations to the responsible unit to address the findings.

One of the Departmental strategic risk is loss of life. Either from construction or maintenance incidents or within our state and leased facilities as well as occupational diseases with serious reputational damage, possibly lawsuits/litigations, to the Department. Part of our controls put in place is to conduct inspections to monitor the level of compliance in all facilities that we provide to our client departments or construction projects that we implement on their behalf. Compliance Inspection are also conducted on the Railway sidings managed by the Department in line with the Railway Safety Regulator's Act No. 16 of 2002 to ensure compliance with the South African National standard (SANAS) 30001. Some of the sidings are maintained and serviced for the user department like the South African National Defence Force (SANDF) for their railway operations. The SANDF uses the railway to transport both ammunition and JET fuel for Presidency. The Department applies for a Railway Safety Permit annually with the National Railway Safety Regulator (an agency of the National Department of Transport). The National Railway Safety Regulator (Act No. 16 of 2002) requires all entities defined as operators to apply to the Railway Safety Regulator (RSR) for a Safety Permit including the Department of Public Works. According to this Act, all entities are obliged to apply to the RSR for a Safety Permit should they be an operator defined in the Act, including being:

- *Responsible for the maintenance of any portion of networks/ siding including railway yards.*

The Department is in possession of (14) railway sidings in different regions and only (5) of those are active and the rest are dormant and spiked. As the custodian of railway lines, the Department is classified as a Class B, Network Operator. Network Operators are responsible for the maintenance of their active railway lines and it is their responsibility to ensure that active railway lines are kept in good operational condition to avoid any nature of an occurrence. The Department has suffered a major loss through vandalism and theft of the railway sidings in the previous financial year.

- Covid-19 Pandemic

All Covid-19 protocols were repelled.

### 3.6 Portfolio Committees

Meeting	Date of Meeting	Meeting Outcomes
Expropriation Bill: DPWI response to submissions & deliberations	19 April 2022	<ul style="list-style-type: none"> <li>• A supplementary memorandum was presented to the Committee. It was an updated memorandum that covered some of the questions and comments that were raised at the last meeting and covered some further matters</li> <li>• The presentation covered various sections of the Bill. It commented on the anatomy of section 25(2)(b) of the Constitution, considered the various definitions in the Bill and provided comments on a number of clauses in the Bill. The presentation commented on clauses 3(2) and (3), clauses 3(5) and 23, clauses concerning mortgages, clause 7, clause 19, clause 21 and clause 25. The clauses concerning mortgages were also comprehensively dealt with in the presentation.</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
<ul style="list-style-type: none"> <li>DPWI &amp; PMTE 2022/23 Annual Performance Plan; with Minister</li> </ul>	3 May 2022	<ul style="list-style-type: none"> <li>Concerns were raised on vacant posts, excess funds not being used for other projects, and the lack of stability in the management of the Department.</li> <li>There was also a concern that the immovable asset register was still incomplete, and as the DPWI was the largest property owner in the country, this was unacceptable.</li> <li>They requested a full breakdown of how money was spent and where. This included unused buildings, gender-based violence centres, and Telkom Towers. The Committee encouraged the Department to create more job opportunities and expand and strengthen the Expanded Public Works Programme (EPWP).</li> </ul>
CIDB & CBE 2022/23 Annual Performance Plans; with Minister and Independent Development Trust and Agrément South Africa 2022/23 Annual Performance Plans; with Minister	4 May 2022	<ul style="list-style-type: none"> <li>The Construction Industry Development Board provided an updated situational analysis hitch, including the impact of COVID-19 on the entity, transformation concerning historically disadvantaged groups, contractor upgrades, challenges and interventions to improve on transformation, contractor and skills development. The entity also presented implementation progress made, which also included compliance with the registration of projects with the entity, which was a precursor to the BUILD Programme was slow, averaging 38%. There were promising signs as large State-Owned Entities (SOE) had made commitments to the BUILD Programme.</li> <li>The Minister clarified that the Department was responsible for driving all strategic infrastructure projects that cut across all three spheres of government, SOEs and National Departments. All other infrastructure that was in line with departments and on a provincial and local level was the responsibility of the executive authorities of these spheres. She said that they were trying to improve coordination within these spheres. The Minister also expressed confidence in the new entity's board and noted room for improvement. She said that the Department and the entity would work to ensure a clean audit at the end of this financial year.</li> <li>The Minister shared her concern about the slow pace of transformation in the sector. She said that the Built Environment was the least transformed sector in the country, and the role played by entities was to help the government with transformation, as per legislation. The only success they had so far was the appointment of the boards of the entities. However, they had been unable to transform the sector fully. The Minister said the focus should be on implementation, not making plans. The Ministry was focused on monitoring, improving and evaluating the Department's and the entities' targets.</li> <li>The Committee raised issues with the slow pace of transformation, the allocation and expenditure of budgets and the programmes dealing with administration, empowerment and economic development, professional skills and capacity</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>development, research and knowledge management and public protection, policy and legislation.</p> <ul style="list-style-type: none"> <li>On IDT, the Committee asked about centralising the contractor development programme, Strategic Infrastructure Plans allocated to the IDT, maintenance contracts as a new revenue source, green fields, IDT's escalation and management fees, the travel budget, consultant costs, IDT's static staff complement, working with the Department of Human Settlements, filling current key vacancies, and moving away from the historical form that had led to many of the Trust's difficulties.</li> <li>On Agrément, the Committee were fulsome in their praise of its marketing efforts. Members asked whether Agrément only tested materials developed by South African companies, a provision for irregular expenditure in its budget, plans to fill vacancies, and re-looking at its organisational structure.</li> </ul>
Public Works and Infrastructure Budget: Committee Report	<b>6 May 2022</b>	<ul style="list-style-type: none"> <li>There were discussions around the Independent Development Trust (IDT) and the entity's need for approximately R2.1 billion of project value to break even.</li> <li>Clarity was sought on challenges facing projects in the Refurbishment, Operate and Transfer Programme (ROTP).</li> <li>The Department needed to review its unused properties and find new ways to leverage these to prevent destruction and dismantling</li> <li>The Department needed to provide an update on progress with the review of the national infrastructure strategy</li> <li>The Property Management Trading Entity (PMTE) needed to undertake an organisational review to address vacancies and the impact of the proposed implementation of an automated asset management programme</li> <li>Feedback was required on the determination of the structure of Infrastructure South Africa (ISA), including organisational design and the funding model</li> <li>The Minister needed to look at the contractor development programmes across all the entities and determine whether it would be better to put them all put in one programme.</li> </ul>
DPWI legislation status report; with Deputy Minister	<b>25 May 2023</b>	<p>In a virtual meeting, the Department of Public Works and Infrastructure briefed the Committee on progress in developing several pieces of legislation. They were:</p> <ul style="list-style-type: none"> <li>Public Works and Infrastructure Bill: Adv Uday Naidoo had been appointed to draft the Bill in October 2021. The Department was "bending over backwards" to ensure that it had something to table before Cabinet in the current financial year.</li> <li>Construction Industry Development Board (CIDB) Amendment Act: A draft Bill had been sent to the Office of the Chief State Law</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>Advisor, which had found some shortcomings with the draft. It was expected that the draft Bill would be submitted to Parliament before the end of 2022.</p> <ul style="list-style-type: none"> <li>• Agrément South Africa Act: The Department was monitoring the implementation of the Act and currently, no reason to amend it has been identified.</li> <li>• Independent Development Trust (IDT): Cabinet had resolved in 2021 to reconfigure the Trust as a government component. The Department was developing a business case to identify the best institutional form. It would only be known once the business case was complete whether this would require enabling legislation.</li> </ul> <p>Members of the Committee were very disappointed that no concrete progress on drafting the Public Works and Infrastructure Bill had been presented and demanded explanations for what was holding it back. They also demanded that the Department provide a legislative development programme with timelines. Members insisted that the socio-economic impact assessment for the Construction Industry Development Board Amendment Act be more thorough than the one for the Expropriation Bill had been. It should be made public without the need for a request in terms of the Promotion of Access Information Act.</p>
Expropriation Bill: Parliamentary Legal Advisor & State Law Advisor on proposed amendments	1 June 2022	<ul style="list-style-type: none"> <li>• In this virtual meeting, the Parliamentary Legal Adviser and State Law Adviser briefed the Portfolio Committee on Public Works and Infrastructure on the A-List of the Expropriation Bill [B23-2020].</li> <li>• The A-List contained all of the proposed amendments to the Expropriation Bill. The Committee considered each of the amendments individually and deliberated on them.</li> <li>• There were two clauses that members significantly disagreed with in the A-List. There were issues that members had raised and could not agree on. The Committee resolved to clean up the A-List and have the proposals distributed to the Committee members. The members would vote on the contested clauses in the following meeting.</li> </ul>
Telkom Towers building project & Parliamentary Villages refurbishment project: DPWI briefing' with Deputy Minister	8 June 2022	<ul style="list-style-type: none"> <li>• The Portfolio Committee on Public Works and Infrastructure met on a virtual platform to receive an update on the progress of projects to refurbish the Telkom Towers building complex in Pretoria to house the SA Police Service headquarters and to refurbish houses in the parliamentary villages in Cape Town.</li> <li>• Members expressed concern about the inability of the Department of Public Works and Infrastructure to adhere to its timelines for the projects, leading to significant as well as allegations of wasteful and unnecessary refurbishment done by the contractors in the parliamentary villages. The long delays in the Telkom Towers project meant that government was not only incurring expenses in refurbishing the buildings, but the</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>SAPS was also paying rent for the commercial buildings it was currently leasing.</p> <ul style="list-style-type: none"> <li>Members enquired about a public-private partnership in which the Department proposed to raise additional funding and the impact of personal preferences on the parliamentary villages' project. Other concerns were around alternative building methods, economic empowerment status of subcontractors and houses which had asbestos roofs.</li> </ul>
Briefing by the Parliamentary Legal Advisor on the A-List of the Expropriation Bill	23 August 2022	<ul style="list-style-type: none"> <li>In a virtual meeting, the Parliamentary Legal Advisory team briefed the Committee on the corrections made to the draft of the Bill since the last meeting</li> <li>Some key changes were outlined and Members indicated that the copy presented in the meeting was merely a comparison of what would come out after the deliberations of the Committee were agreed upon. There were a few corrections made to some of the definitions used in the Bill like 'disputing party', 'Expropriated owner' and 'Expropriated holder'.</li> <li>The confusion regarding certain clauses was resolved</li> </ul>
Update on establishment of Ethics & Compliance, Infrastructure and Consequence Management Unit & legal cases involving DPWI and PMTE; with Minister	24 August 2022	<ul style="list-style-type: none"> <li>The Department of Public Works and Infrastructure (DPWI) met with the Committee to update it in a virtual meeting on the progress of the Ethics and Compliance, Infrastructure and Consequence Management Unit, and litigation cases against the Department.</li> <li>The Department said it would end the monthly lease agreements to reduce expenditure. The overcharging by private landlords had already been recovered.</li> <li>Members expressed concern about the number of dormant litigation cases that may negatively affect the other parties involved. There were too many cases for the State Attorney to handle. The DPWI was in the process of establishing an alternative dispute mechanism so that minor issues could be settled without going to court.</li> <li>There was a general consensus that the number of vacant funded posts was unacceptable, considering South Africa's high unemployment rate. The Department was advised to fill those positions as quickly as possible.</li> <li>The Committee also expressed concern over the slow pace of projects and the number of uncompleted projects. The DPWI confirmed that they were targeting the causes of the delays and trying to find solutions to the problems involving the "construction mafia."</li> </ul>
Refurbishment, Operate and Transfer Programme & Total Facilities Management Strategy, with Minister & Deputy Minister	25 August 2022	<ul style="list-style-type: none"> <li>The Committee convened virtually for briefings by the Department of Public Works and Infrastructure (DPWI), represented by Infrastructure South Africa (ISA) and the Independent on the rollout of the Refurbishment, Operate and Transfer Programme (ROTP) by ISA in a public-private partnership agreement to deal with maintenance backlogs of government property and infrastructure and efforts by the Independent Development Trust (IDT) to strengthen the maintenance and refurbishment of government buildings.</li> <li>The Department indicated that the focus of the Total Facilities Management Strategy was on being preventative in making sure that assets are well maintained in accordance with best practice principles and reducing litigation resulting from poorly maintained</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>assets. Assets should be efficient, effective, functional, and operational and meet all health and safety requirements.</p> <ul style="list-style-type: none"> <li>Members were satisfied that action plans were being developed to address the maintenance backlog but raised concerns about the similarities in the scope of maintenance work outlined by both ISA and IDT. The duplication of tasks could result in wasteful expenditure. The Committee was informed that in terms of the service level agreement with each entity, the IDT was focusing on social infrastructure, e.g. school buildings, while the ISA programme involved the leasing of office buildings.</li> <li>In response to concerns that heritage buildings in small towns were often damaged by contractors who are not specialists in maintaining historic buildings; the Department indicated that they had been working with the Heritage Council to do maintenance work of parliamentary buildings. However, the Department acknowledged that specialists should be consulted to coordinate specialised maintenance work on heritage buildings in other regions.</li> </ul>
Update on improving the management of employment opportunity data; with Deputy Minister	31 August 2022	<ul style="list-style-type: none"> <li>In this virtual meeting, the Portfolio Committee received a briefing from the Department of Public Works and Infrastructure, specifically the Expanded Public Works Programme branch, on its progress in improving the management of employment opportunity data, its efforts to obtain a clean audit report through the use of innovative strategies to improve data collection, and on the role of Departments and other departments involved in the Programme from a budget and accountability perspective.</li> <li>An online reporting system to collate performance data had been developed. It incorporated biometric features (facial recognition of participants), uniform data collection templates, and was linked to other public body systems such as the Department of Employment and Labour's Employment Services of South Africa database. The Department had taken measures to deal with its adverse audit findings over the last few years. These included the development of a standard operating procedure based on guidance from the Auditor-General and the refinement of the medium-term strategic framework indicator so that it reflected work opportunities created by all public bodies, not just the Department.</li> <li>Members of the Committee were adamant that the Programme should be a stepping stone toward genuine upliftment and independence, and were concerned that it was providing mostly menial jobs and very little skills development or certified training. They sought assurance that the beneficiaries would be able to take up opportunities in the wider economy after leaving the Programme. They asked for greater detail about the new reporting system. How would the Department ensure that public bodies used it, especially where they might lack the relevant capacity? How did the interface with Employment Services of South Africa work? They also asked how the Programme might be used to address the perception that foreigners were taking jobs in South Africa, how the Department was addressing the exploitation of Programme beneficiaries by</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		administrators, and how it could attract more young people.
Expropriation Bill: consideration	<b>07 September 2022</b>	<ul style="list-style-type: none"> <li>In a virtual meeting, the Parliamentary legal advisory team took the Committee through the final version of the Expropriation Bill [B23- 2020]. The Members voted on the Bill, clause-by-clause.</li> <li>The Chairperson said that the specific clauses which Members did not support would be deliberated before Parliament.</li> </ul>
Expropriation Bill: consideration	<b>14 September 2022</b>	<ul style="list-style-type: none"> <li>In a hybrid meeting, held both on a virtual platform and in Parliament, the Committee Secretary presented the Committee Report on the Expropriation Bill [B23B -2020] that detailed the Committee amendments.</li> <li>It noted that : The Committee engaged with the public, organised citizen groups, political parties, traditional leaders across the country to learn their views on the Bill that was tabled. It had further engagements with stakeholders, citizens and civil society organizations to listen to formal presentations on specific clauses of the Bill. The committee further collected views from broader society through email and WhatsApp to deepen its understanding of the views of the public. Following these deliberations, the committee engaged with the Department of Public Works and Infrastructure and the Office of the Chief State Law Advisor to amend clauses to the Expropriation Bill. The Bill with the Committee amendments is infused with the views of the public and the legal expertise of the Department, Parliament and the State Law Advisors.</li> <li>The report highlighted the minority views of the various political parties that have members represented in the Committee.</li> <li>The Committee approved the suggestion that the report should not be adopted in the current meeting but rather at the next meeting so Members could scrutinise the report in their own time.</li> </ul>
Expropriation Bill: Committee Report adopted	<b>20 September 2022</b>	<ul style="list-style-type: none"> <li>The Portfolio Committee on Public Works and Infrastructure met on a virtual platform to consider and adopt the Report on the Expropriation Bill [B23 -2020].</li> <li>Noting that the report was considered in the previous meeting, amendments were made to it, and the minority reports by the DA and the IFP were included, all parties in attendance supported the adoption of the report. The ACDP and the DA clarified that although they accepted the report, they did not support the bill. In the absence of the representative for the EFF, the Committee noted the opposition of the EFF to the Expropriation Bill and the report.</li> </ul>
Review of unused properties: DPWI briefing; with Deputy Minister	<b>21 September 2022</b>	<ul style="list-style-type: none"> <li>The Department of Public Works and Infrastructure (DPWI) briefed the Committee on its plans for dealing with unused state-owned properties.</li> <li>DPWI is the custodian of 29 322 registered and unregistered land parcels, with 93 943 improvements. Approximately 88 300 buildings were allocated to 51 user</li> </ul>



Meeting	Date of Meeting	Meeting Outcomes
		<p>departments. Surplus state-owned properties were estimated to be 5 720, made up of 5 187 land parcels and farms and 533 Improvements.</p> <ul style="list-style-type: none"> <li>The presentation covered the regulatory framework and the principles of the Government Immovable Asset Management Act. Processes for disposing of unused properties were explained. Timeframes were provided for a project to let out state-owned properties to non-governmental and community-based organisations.</li> <li>Members raised concerns about the vandalisation of unused properties and land invasions. They raised specific cases where they said the Department had not responded to offers to take over the unused property. They asked what was done to monitor the condition of state-owned properties and about progress in taking back about 1 200 properties that had been illegally occupied or transferred.</li> </ul>
Urgent steps taken by CBE to strengthen regulatory function over the professional built environment councils; with Deputy Minister	<b>28 September 2022</b>	<ul style="list-style-type: none"> <li>The Committee was briefed by the Council for the Built Environment (CBE) on its policies and strategies to enhance transformation in the various professions involved in the building industry. Its focus was on skills and enterprise development, creating opportunities for the youth, and promoting women's empowerment. In the process, it was employing its mandate of advising, regulating and coordinating the work of the six built environment councils. Its initiatives were felt across the country, including in remote areas.</li> <li>Current challenges included the application and implementation of policies across all six professional councils regulated by the CBE. Whenever it was involved in the accreditation of educational institutions, it played more of a passive role, and more participation was required. Transformation remained a key challenge, as there was a high failure rate among candidates who took on assessments to become professionals in the built environment, mainly because of their limited exposure in this area.</li> <li>Members were concerned about the current state of transformation, with more than 60% cent of registered professionals coming from the white demographic sector. They complained about the lack of feedback on progress made in previous years and with the current initiatives, especially those related to race and gender demographics.</li> <li>The Deputy Minister reminded Members that whether or not they liked this focus on demographics within the built environment, it was a reality. When the Constitution said they had to heal the divisions of the past, it meant active steps and decisions made that would influence the healing had to be taken.</li> </ul>
Public Works Portfolio Audit Outcomes; DPWI/PTME Annual Report 2021/22 with Ministry	<b>11 October 2022</b>	<ul style="list-style-type: none"> <li>The Auditor-General of South Africa and the Department of Public Works and Infrastructure briefed the Portfolio Committee on the 2021/22 Annual Report of the Department. This formed part of the Committee's oversight role of assessing the performance of entities, with the aim of compiling a Budget Review and</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>Recommendations Report. The Committee was joined by the Ministry.</p> <ul style="list-style-type: none"> <li>• The Auditor-General audit revealed that all the entities, except for the Construction Industry Development Board, had consequence management issues related to irregular expenditure. The Council for the Built Environment (CBE) obtained a clean audit over the past four years. The Independent Development Trust (IDT) improved from disclaimer opinion in the past three years, to a qualified audit opinion. The Department of Public Works and Infrastructure (DPWI) and Agreement South Africa (ASA) had a stagnant outcome of an unqualified opinion with findings, over the four-year period. There was a regression in the audit outcome of the Construction Industry Development Board (CIDB) and the Property Management Trading Entity (PMTE), with the latter entity regressing from a qualified audit opinion over the past three years to a disclaimer in the current year. The audit also revealed that the auditees within the portfolio continue to struggle with compliance with key legislation, delay many projects significantly, and struggle to foster employment opportunities.</li> <li>• The Auditor-General advised that the Department's management should focus on improving internal controls concerning compliance with laws and regulations, improving consequence management, and collecting debts.</li> <li>• The meeting then progressed to the Department of Public Works and Infrastructure briefing. On the non-financial performance matters, the Department reported many positive highlights from the Accounting Officer's Report. On the financial side, the audit outcome of the Department remains unchanged and stands at 'unqualified', due to the impairment of receivables and fruitless and wasteful expenditure under assessment. The Department also reported large irregular expenditure on their side and listed their key initiatives to address outstanding debt.</li> <li>• The Property Management Trading Entity (PMTE) also presented its financial performance. Their audit outcome was a disclaimer opinion. This was attributable to the impairment on receivables, impairments on recoverable municipal Services, recoverable operating lease payments and recoverable projects.</li> <li>• Members raised concern about the entities' and Department's failure to have proactive maintenance programmes in place, the significantly delayed projects, the large amounts of irregular and wasteful expenditure, and the lack of consequence management. Members also raised concerns foreign nationals are being employed in administrative positions while the country has a high unemployment rate. Members raised concern about the Property Management Trading Entity as a going concern. The general consensus amongst Members was that proactive maintenance is needed.</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<ul style="list-style-type: none"> <li>The Department of Public Works and Infrastructure acknowledged and welcomed the instructive directives that the Committee has shared, and stated that the Department plans to implement these directives. They welcome measures such as a proactive maintenance plan, and they plan to table it before the Committee for the Members to hold the Department accountable. The Deputy Minister reassured the Committee that the Department's leadership understands that it is charged with the responsibility to ensure good governance, and the officials will not underplay any issue that was brought up.</li> </ul>
IDT & Agrément SA Annual Reports 2021/22; with Deputy Minister	<b>12 October 2022</b>	<ul style="list-style-type: none"> <li>The Independent Development Trust (IDT) briefed the Portfolio Committee on the 2021/22 annual performance, and it was mentioned that through the office of the acting Chief Executive Officer, the IDT was strengthening stakeholder management as part of building a client-centric organisation culture and gaining public confidence.</li> <li>The IDT is also looking at improving its revenue generation management. The IDT managed to reduce litigation cases in line with the litigation strategy which includes implementing a new contracting model. The Board has further made notable progress in working to generate business from national and provincial clients.</li> <li>After more than five years of audit disclaimers, the IDT received a qualified audit outcome for the 2021/22 financial year. Members of the Portfolio Committee congratulated the progress made by the IDT. However, they raised concerns about various issues, including the ethics of appointing the acting CEO who was the Chairperson of the Board, vacancy rates at the IDT, the lack of consequence management, options to make the IDT a financially viable entity, and delays in construction projects.</li> <li>Agrément SA also briefed the Portfolio Committee on the 2021/22 annual performance. For the annual financial statements and non-financial performance information completed on 29 July 2022, Agrément SA achieved an unqualified audit opinion with other matters on supply chain management and non-financial performance information on technical services. 88.9% of the external recommendations were implemented.</li> <li>Agrément SA achieved an overall average of almost 63%. It is important to note that on each of the targets planned to be achieved versus the actual performance, three targets had a 100% achievement.</li> <li>Members of the Portfolio Committee raised discussions about the importance of Agrément SA's focus on the Auditor-General's findings about the lack of sufficient audit evidence. The discussion also focused on how Agrément SA plans to improve its revenue sources independent of the Department of Public Works and Infrastructure.</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<ul style="list-style-type: none"> <li>The Committee wanted clarity about the reasons some projects were stalled including the impact of COVID-19 and how the entity was planning to have a national footprint.</li> </ul>
CIDB & CBE Annual Report 2021/22, with Deputy Minister	<b>13 October 2022</b>	<ul style="list-style-type: none"> <li>The Portfolio Committee on Public Works and Infrastructure (the Committee) convened virtually for briefings by the Construction Industry Development Board (CIDB) and the Council for the Built Environment (CBE) on their 2021/22 Annual Reports.</li> <li>Transformation emerged as the overarching concern from the engagements with both entities. Amendments to both the CIDB Act 38 of 2000 and the CBE Act 43 of 2000, were needed to accelerate the pace of transformation in the construction industry and build environments, respectively. However, some Members were wary about the issue of regulations in the private sector. The Committee was informed that some sections of the CIDB Act deliberately focus on the private sector to ensure equitable development in the industry. The amendment to the CIDB Act was on route to Cabinet for consideration.</li> <li>The Committee heaped praises on the CIDB for its outstanding performance in the 2021/22 financial year and found the qualified audit opinion, based on a technical issue, unfortunate. In the absence of an existing model, the CIDB relied on its own method, based on construction projects on the CIDB register, to determine revenue estimates. The AG deemed the CIDB calculation method improper. The entity was consulting widely with experts, including the AG, to resolve the issue and to prevent it from becoming a perpetual finding. The CIDB achieved 14 of the 15 targets set for this financial year.</li> <li>The Committee welcomed the unqualified audit opinion received by the CBE but raised concerns about governance issues which were negatively impacting the performance of the entity.</li> <li>The Committee was assured about the validity of Council decisions because the EXCO is mandated, in terms of the CBE Act, to perform certain functions when the Council does not quorate. Resignations were mainly due to professional reasons and vacant positions had been filled by mid-June 2022. The CBE achieved 17 of the 19 targets during the financial year under review.</li> </ul>
Progress report on the review of the National Infrastructure Management Strategy; Report on the recent training of Infrastructure South Africa; with Minister and Deputy Minister	<b>26 October 2022</b>	<ul style="list-style-type: none"> <li>The Department of Public Works and Infrastructure (DPWI) and Infrastructure South Africa (ISA) briefed the Portfolio Committee in a virtual meeting on progress with the review of the National Infrastructure Management Strategy (NIMS) and the recent training of ISA on its five-case model to enhance the implementation of government infrastructure projects.</li> <li>The Department said there was strong evidence that much of the country's infrastructure from both before and after 1994 was not being properly maintained. Several challenges undermined maintenance being undertaken. The DPWI and the Construction Industry Development Board developed a draft of the National</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>Immovable Asset Maintenance Management framework to combat this. The NIMS team reviewed documents such as the Immovable Asset Management Policy and the Immovable Asset Life Cycle Management guideline. ISA adopted and customised the five-case model used for infrastructure projects overseas. The United Kingdom government has been requested to support South Africa with training on the model for all ISA staff and relevant officials in the various spheres of government in South Africa, and 139 had been trained thus far.</p> <ul style="list-style-type: none"> <li>• Clarity was sought on the various stages of the five-case model, such as how long each stage would take, and what the cost implications were. They also raised concerns about inadequate maintenance as challenges to infrastructure development, the lack of consequence management in the DPWI, and the up-skilling of ISA and the Department's staff. They also felt that ISA's presentation was too technical and not understandable for the layman.</li> <li>• The Department and ISA answered the Committee's questions on the various stages of the five-case model, explaining that it aimed to solve issues related to planning and unexpected delays in projects. The time period of the model depended on factors such as the sector involved, and the size and complexity of the project. It also noted the Committee's concerns about the presentation being too technical, and assured the Committee that the skills lacking in the Department were being created.</li> </ul>
Telkom Towers oversight report	<b>02 November 2022</b>	<ul style="list-style-type: none"> <li>• The Committee convened in a virtual meeting to consider and adopt the Telkom Towers Oversight Report and to consider and adopt its outstanding Minutes.</li> <li>• The Committee found the Department and SAPS Officials unprepared, given the incoherent findings on the second day of the site visit relative to presentations made on day one.</li> <li>• DBSA was given ample opportunity to address the challenges and they failed and the safety of the building was a concern, as it was reported that cables were stolen.</li> <li>• The report was adopted with minor amendments and additional recommendations.</li> <li>• The Committee also adopted its outstanding Minutes dated 26 October 2022 and 19 October 2022 with minor grammatical amendments.</li> </ul>
DPWI/PMTE Q1 2022/23 Performance with Deputy Minister	<b>09 November 2022</b>	<ul style="list-style-type: none"> <li>• In a virtual meeting, the Committee was briefed by the Department of Public Works and Infrastructure on the quarter one performance of the Department.</li> <li>• Members were pleased to hear that the Department had reached a target not to exceed an 11% vacancy level, and a 74% achievement in financial performance. The filling of vacancies with designated groups at senior management level was achieved concerning women but not people with disabilities.</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<ul style="list-style-type: none"> <li>• The draft Amendment of the Construction Industry Development Board Act (Act 28 of 2000) was submitted to Cabinet. Members heard that there was major underspending under capital assets within the Property Management Trading Entity (PMTE) due to the delays in several projects. The Department was working with the Department of Human Settlements in the release of land for their use.</li> <li>• Members asked for clarity on the information provided around the handing over of buildings versus lease agreements as information previously received was contradicting the information presented; what was happening to the maintenance budget as there was no visible maintenance in the majority of government buildings; why there was underspending whilst job opportunities could be provided with such high vacancy levels; if contractors were blacklisted if there are delays or for when they provided bad service and why was there a discrepancy between the presentation by the Department (11%) and the calculation by the DA researchers (14%) on the vacancy level.</li> <li>• It was explained to the Committee that the Department is in the process of visiting regional offices to assess delayed projects and put in place consequence management. The cancellation of projects created problems when time lapses between the termination and follow-up contractors were appointed.</li> <li>• Members were concerned about the inability of the Department to reach targets and asked the Department to provide an explanation and breakdown of the impact of unfilled positions on service delivery.</li> <li>• Members requested specific prioritisation of the payments of the EPWP projects; attention is given to the Parliamentary Village and their compliance and the filling of vacancies to ensure service delivery by the Department.</li> </ul>
DPWI progress update on the Ethics, Compliance, Infrastructure, and Consequence Management Unit, with Minister	22 November 2022	<ul style="list-style-type: none"> <li>• The Portfolio Committee on Public Works and Infrastructure met on the virtual platform to receive a progress report on the Department's establishment of the Ethics, Compliance, Infrastructure, and Consequence Management Unit, under the Department's governance, risk, and compliance branch. The unit was championed for its critical role in detecting fraud and combating corruption but was currently not operational due to the lack of funding to fill some of its vacancies.</li> </ul> <p>Committee Members were concerned with the non-operational status of this critical unit, despite the Department of Public Service and Administration (DPSA) having approved of this unit since 2016. Members were of the view that all the vacancies in the unit must be filled, and that this unit should be fully-fledged operational as soon as possible.</p> <ul style="list-style-type: none"> <li>• Several Members raised the concern about the slow processing of security clearance from the State Security Agency and the high percentage of employees who were</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>not willingly subjecting themselves to a lifestyle audit. Given the key role that lifestyle audit plays in deterring corruption, Members endorsed the Minister's decision in placing those employees under disciplinary processes. They urged the Minister and the Department to deal with such employees quickly and decisively before they resigned and before the Department lost the opportunity to hold them to account. Members were also of the view that it should not only be the junior officials who were subjected to the audit, and that more focus should be on the lifestyle audit of senior managers who had more power and are more likely to be exposed to corrupt activities.</p> <ul style="list-style-type: none"> <li>• The importance of vetting candidates before appointments was emphasised. Given the critical and strategic role of this unit, the personnel employed in this unit should be of the highest moral integrity. The fraud case of the head of the governance and compliance unit at eThekweni municipality should serve as a lesson to the Department, on the importance of proper vetting.</li> <li>• The issue of the position of ethics officer was asked about: where it would be positioned, what the responsibilities of the position entailed, the level of autonomy of the position, etc.</li> <li>• There was also a discussion on inflated leases, the high percentage of the Department's budget being spent on administration, the coordination among the different ethics units across governmental departments, and the retention of professionals with governance and compliance skills, amongst other issues.</li> <li>• The Minister acknowledged that some vacant posts do have an impact on service delivery and, to an extent, the performance of the Committee. She promised the Committee that, when the Department reported again, it would be able to demonstrate the complete funding structure of the Governance, Risk, and Compliance branch.</li> </ul>
Review of the Public-Private Partnership Regulations to deliver on strategic infrastructure projects; with Deputy Minister	<b>30 November 2022</b>	<ul style="list-style-type: none"> <li>• National Treasury briefed the Committee on the process followed to review the public-private partnership (PPP) regulations and processes.</li> <li>• The Committee was told that there had been a decline in PPP projects.</li> <li>• The review found that there was no overarching infrastructure policy framework that could bring PPPs into the overall planning process for public investments. There was a lack of a centralised approach to screening infrastructure investments for PPP suitability. There was a lack of capacity at various government levels. The existing PPP processes were rigid and cumbersome. There was no need for a complete overhaul of the PPP legal and regulatory framework as there were good aspects that compared well with international benchmarks. However, critical gaps and challenges need to be addressed.</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<ul style="list-style-type: none"> <li>Changes to legislation, including the Public Finance Management Act and the Municipal Finance Management Act, were proposed, as well as amendments to regulations for managing PPP projects. The streamlining of processes, adherence to timelines and upskilling of staff and provincial and municipal offices were highlighted as needed interventions.</li> <li>The Committee was informed about proposals to improve the PPP Unit by giving it both regulatory and advisory functions to ensure monitoring and evaluation of projects. Treasury approval process would be simplified and the accountability of accounting officers would be improved to ensure completion of projects.</li> <li>The Committee was informed that National Treasury would drive and monitor most of the processes.</li> </ul>
DPWI & PMTE 2022/23 Quarter 2 & 3 performance: with Deputy Minister	<b>15 February 2023</b>	<ul style="list-style-type: none"> <li>In response to the DPWI and PMTE 2022/23 Quarter 2 &amp; 3 performance report, the Committee raised questions about external contractors not fulfilling their obligations; inadequate project managers; improvement of facilities management and revenue collection from government buildings; slow drafting of legislation reform; underspending; vacancies and 'acting' positions; social use of unutilised government buildings such as for gender-based violence shelters; and the role of the Expanded Public Works Programme (EPWP) in reducing the unemployment rate. The Committee expressed relief at the reduction of the Department's use of month-to-month leases of privately owned buildings.</li> </ul>
Bodlani Petition	<b>22 February 2023</b>	<ul style="list-style-type: none"> <li>A petition was sent to Parliament by the residents of Brackenhurst and Brackendowns in Ekurhuleni, Gauteng, which called on the National Assembly to request the transfer of the ownership of the property where the Brackendowns police station was located, to the Department of Public Works and Infrastructure (DPWI). The transfer would enable the South African Police Service (SAPS) to build a suitable and permanent police station for the community. As the Portfolio Committee plays the oversight role in the DPWI, the National Assembly forwarded the petition to it for consideration.</li> <li>The police station was situated on leased land, with the lease agreement having been signed on 11 June 1991 by the Department of Public Works and the Alberton Town Council, now known as the City of Ekurhuleni. The lease had expired, and was presumed to be a month-to-month tacit lease.</li> <li>The main concern was that members of the SAPS were housed in an uncondusive structure and environment for performing their police duties. The customer service centre within the police station, for instance, could assist/house only one person at a time. The holding cells in the station were not suitable. With crime levels at the rate they were in Ekurhuleni, it had become difficult for police officers to do their work efficiently and effectively. The residents of Ward 38 were petitioning the Department to enable the SAPS to build a permanent police station, and ensure there were sufficient facilities.</li> </ul>



Meeting	Date of Meeting	Meeting Outcomes
		<ul style="list-style-type: none"> <li>• The Department's need to capacitate its lease management units was highlighted. There needed to be an undertaking in writing from the Department that management units had become mandatory. Moreover, its immovable property register was known to be incomplete, with the national and provincial asset registers not corresponding with each other. Provincial registers should feed information to the national register so that everyone has a clear picture of what land and assets are owned in a province, so they could agree with one another. Once the register had been completed and audited, the Department could ascertain what land and buildings they owned, and could then determine what could be offered to clients.</li> <li>• It was concerning that the Department was renting land on behalf of the SAPS with a municipality in Ekurhuleni. Was there not a single solitary piece of land in Alberton that was owned by government for the police station to be built on?</li> <li>• The Committee needed full disclosure on whether the DPWI owed money to Ekurhuleni. This needed to be investigated, as the Department had said it had been fully paid up, whilst the municipality had said it would not enter into negotiations with a bad payer. In the end, it was the municipality's residents who were suffering because of a non-functioning police station.</li> <li>• The Department responded that they were aware of the matter, but it may take at least two years to source land where a suitable police station could be built.</li> <li>• The Committee agreed that the Ministers of both the Departments of Police and Public Works and Infrastructure needed to find a solution to meet the needs of the community.</li> </ul>
DPWI and PMTE Audit Action Plan with Deputy Minister	15 March 2023	<ul style="list-style-type: none"> <li>• The Department of Public Works and Infrastructure (DPWI) reported that the Property Management Trading Entity (PMTE) received a disclaimer audit opinion from the Auditor-General South Africa (AGSA) for the past financial year, with risk areas being leases, municipal services, accruals, and Property Plant and Equipment (PPE). Consequence management plans were implemented and set to reduce risks, possibly achieving a good report from the AGSA. This was reported as the Department presented its audit action plans to the Committee.</li> <li>• The Department trusted that with the new Minister, Deputy Minister and hiring skilled people to be a part of its team, it would improve performance and make an impact with the time it left in the Sixth Administration.</li> <li>• The Committee was not pleased with the incompetency of the Department with the day-to-day maintenance of its properties; and asked questions about the way heritage sites were treated, noting they were not treated with pride. Members asked about how the state buildings could be abandoned into the hands of criminals.</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<ul style="list-style-type: none"> <li>Members said it was very concerning to see some state properties under the ownership of private individuals, with transfers done illegally. Members also asked about buildings being utilised by the police and the military and noted it was not in good condition, sick bays required payment before giving healthcare access to those who needed it, and there was a huge record of non-compliance with the policies.</li> <li>The Committee said the Department must put more effort into maintaining the property of the state and take its job seriously.</li> </ul>
DPWI & CBE 2023/24 Annual Performance Plans with Minister and Deputy Minister	<b>22 March 2023</b>	<ul style="list-style-type: none"> <li>The Department of Public Works and Infrastructure (DPWI) and the Council for the Built Environment (CBE) briefed the Portfolio Committee in a virtual meeting on their annual performance plans.</li> <li>The Minister pledged the Department's commitment to work speedily and implement all the programmes in the mandate of the Department, whilst ensuring transparency and accountability to the Committee, as it was a critical arm of Parliament. The annual performance plan was developed while taking into account the priorities of the national development plan, the medium-term strategic framework, the economic recovery and reconstruction programme, and the national annual strategic plan. It had also incorporated the priorities emanating from the most recent Cabinet lekgotla, which had focused on job creation, particularly for the youth, poverty alleviation, and socio-economic equality and transformation. It had therefore developed seven programmes that were premised on the priorities of the government and the priorities of the Department, which included but were not limited to it being a resilient, ethical, and capable department.</li> <li>Members of the Committee raised concerns about the targets of the Department being misaligned. They were critical of the suggestion that where no targets had been put forward, preparations for them were being made. They asked if the Department could state how far these preparations were, so that they could reach the targets they had set. Questions were also asked about its legislative mandate. They commented that the presentation was merely a "tick box" exercise, as the same challenges persisted over the years and were presented to the Committee. It was unclear if there would ever be any resolution to these problems.</li> <li>The Council for the Built Environment said it had appointed and filled the vacancies of all three executives. Transformation was at the fore, and this was displayed by the capable female executives appointed. Its annual performance report sought to address seven interventions that included the capacitation of the state, as it seemed that some of the officials working in the public service were not affiliated with any of the professional councils. In instances where professional errors were committed, there was no way to hold them to account. There would also be aggressive implementation of the concurrent function between the CBE and its professional councils, so there was a</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>consistent and constant supply of officials in the sector. The Council's Chairperson would be signing compacts with the professional councils, to agree on baselines for their commitments to transforming the sector.</p> <ul style="list-style-type: none"> <li>The Committee applauded the Council on bringing new councils into the CBE, as this assisted in increasing its revenue and not having to rely just on the government. It said that in the area of policy and legislation, the Committee needed to understand what was being done concerning built environment professionals that were meant to belong to the councils, but were not registered and whether there was a any policy being developed that forced everyone to register with the Council.</li> </ul>
<p>Agreement SA, IDT &amp; CIDB 2023/24 APP; AGSA Report on Material irregularities with Deputy Minister</p>	<p><b>29 March 2023</b></p>	<ul style="list-style-type: none"> <li>Reporting to the Portfolio Committee in a virtual meeting on material irregularities identified in national, provincial and municipal departments, the Auditor-General of South Africa (AGSA) said it had recorded huge amounts of irregular expenditure by the Department of Public Works and Infrastructure (DPWI) and its entity, the Property Management Trading Entity (PMTE). They recommended that the Committee regularly monitor the actions taken by the accounting officer to fast-track the implementation of measures to address the irregularities. More specifically, the Committee should insist on decisive action that would see a culture change within the Department's leasing, construction and infrastructure divisions.</li> <li>Agrément South Africa presented its 2023/24 annual performance plan (APP).The entity developed a risk management plan that aimed to control risks in various departments of the organization; incl. environmentally friendly construction processes through eco-labelling and green building rating tools, leading to a green economy.</li> <li>In presenting its APP, the Independent Development Trust's budget showed that there would be a deficit in the 2023/24 period, and they would need the help of government grant to fund it. The entity had created conditions they needed to meet internally and externally to achieve their plans, including implementing a good organisational culture and building a strong business portfolio to attract more clients.</li> <li>In presenting its APP, the Construction Industry Development Board said they were trying to achieve a transformed, inclusive, ethical construction industry that contributed to a prosperous South Africa. There had been improvement in the entity's supply chain management and performance information, but a regression in their financial statements due to the new revenue stream for BUILD project fees, as all the construction contracts awarded during the current year qualified for a best practice fee were not declared on the register of projects by infrastructure client departments.</li> <li>The Committee was concerned about officials and executives involved in misconduct but were left unpunished. There was a concern that the Department had let many of its officials go free without any disciplinary action for their irresponsible action (e.g.</li> </ul>

Meeting	Date of Meeting	Meeting Outcomes
		<p>Mamelodi Magistrates Court, where recommendations were not implemented).</p> <ul style="list-style-type: none"> <li>The Committee was happy with the improvement in the performance of the four entities of the Department, and commended them for a job well done.</li> </ul>

### 3.7 Internal Control Unit

Internal Control Unit reports within the abidance of Chief Financial Officer and among other things is responsible for the management of financial misconduct within the Department. The Policy on Management of Financial Misconduct was reviewed and aligned with instruction note 4 of 2022/23 issued during January 2023. Internal Control Unit has continued to perform assessment and determination tests on identified irregular expenditure and fruitless and wasteful expenditure and report same to the National Treasury on a quarterly basis. In order to deal with the prior year unwanted expenditure, the Department applied for condonation of irregular expenditure to the value of R1.82 billion to National Treasury. The response received from National Treasury is been dealt with in line with instruction note 4 of 2022/2023.

The coordination of the annual regulatory audit is managed through the Internal Control Unit. In addition, the Audit Action Plan for 2021/2022 financial year was developed and submitted to the National Treasury prior to implementation. The progress on the audit action plan is monitored through the Audit Steering Committees and reported to the National Treasury.

### 3.8 Audit Committee Report

The Audit Committee ("The Committee") is established as an independent statutory Committee in terms of the PFMA. The Committee functions within approved terms of reference, which are reviewed at least annually to ensure their continued relevance and complies with relevant legislation, regulation and governance codes.

The Committee is pleased to present this report for the financial year ended 31 March 2023, as required by the Treasury Regulations 3.1.9 and 3.1.13 (b) and (c) issued in terms of sections 38 (1) (a)(i) and 76(4)(e) of the PFMA.

#### Audit Committee members and attendance

In the current year (the year under review), the Department (the Main Vote) and its trading entity, the Property Management Trading Entity (the PMTE), had a functional Audit Committee established in terms of the Public Finance Management Act, Act No. 1 of 1999 (the PFMA). In this report, collectively, we refer to the Department and the PMTE as "The Entity."

The attendance of meetings by the Committee members was as follows:

Name of member	Qualifications	Date appointed	Date Retired	Number of meetings attended
Mr AN Mhlongo (Chairman)	CA(SA), ACMA, CGMA, ATC, B Com (Hons), B Com.	01/12/2019	Current	7
Ms AMM Badimo	MBA, MSc, BSc Hons (CS), BSc (CS), CISM, Cert.IT.Audit, CGEIT, CISA, CRISC, COBIT.5, PMP, CBE,ITIL	01/12/2019	Current	6
Mr P Heeger	Pr CPM, Pr TECH(ENG), Pr TECH (ARCH), MSAICE (JSD)	01/12/2019	Current	7
Mr E Kerst	Pr Eng., FSAICE, AffM.ASCE, MSc Eng, BSc Eng	01/12/2019	30/11/2022	4
Ms SFS Makhathini	CA(SA), B Compt (Hons), CTA, B Com	01/12/2019	Current	7
Mr SM Mamotheti	MBA, CIA, CCSA, B Compt, PGD., HDip Tax,	01/12/2019	Current	7
Ms MM Phiri	CA(SA), B Compt (Hons), B Com	01/12/2019	Current	7
Ms N Sonjani	CA(SA), CTA, B Compt	01/12/2019	Current	7

### Audit Committee Responsibilities

The Committee is satisfied that it has complied with its responsibilities as outlined in section 38(1) (a) of the PFMA and Treasury Regulation 3.1. The Committee also reports that it has adopted and reviewed formal terms of reference as its charter and has discharged all its responsibilities as contained therein.

The Committee is required to report amongst others on the effectiveness of the internal controls, the quality of the management reports submitted in terms of the Division of Revenue Act as well as its evaluation of the annual financial statements.

### The Effectiveness of Internal Control

The system of internal controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

The system of internal controls of the Entity is still not considered to be efficient or effective. The impact of these internal control deficiencies is evident in the state of corporate governance within the Entity as well as in the current year audit outcome which is a qualified opinion for PMTE. The key significant areas where the system of internal controls was inadequate or ineffective based on the reports from Internal Audit Unit, AGSA and other assurance providers include the following: -

- Improvements were noted regarding the audit outcome for property, plant and equipment. Further improvements are still required in this area.
- A noticeable improvement was also noted on the controls around the record keeping of the lease transactions.
- There has been improvement regarding the implementation of the previous years' audit action plans, but significant work is still required to improve the overall audit outcome for the Entity.

- Overall improvements in the internal control environment continued to be hampered by inadequate automation of business processes, poorly implemented ICT systems, dependency on the legacy & outdated systems and the absence of integrated systems.
- The instability of the Entity's leadership continued to be a challenge and again it has hampered the improvements of the overall control environment.
- Significant challenges were noted around accruals for expenses.

Other than the above-mentioned items, the Committee wishes to highlight the following areas which were identified by internal audit work as having internal control deficiencies:

- Pre-Determined Objectives,
- Infrastructure Projects,
- Facilities Management,
- Supply Chain Management,
- Information and Communication Technology (ICT),
- Stability of the current ERP system and inadequate application controls,
- Implementation of Audit Action Plan,
- Construction Project Management

### **The effectiveness of the Internal Audit Function**

The Internal Audit function is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all the significant areas of the Entity and its operations.

The Committee is responsible for ensuring that the internal audit function is independent and has the necessary resources, skills, standing and authority within the Entity to enable it to discharge its responsibilities effectively. The Internal Auditors have unrestricted access to the Committee.

The Committee reviews and approves the Internal Audit Plan annually. Internal audit function's activities are measured against the approved internal audit plan and the Head of Internal Audit tables progress reports in this regard to the Committee.

The Internal Audit function performed a wide range of operational, financial, compliance and information-technology audits. In addition to these planned audits, the unit also attended to certain management requests.

### **Enterprise Risk Management**

The Committee is also responsible for the oversight of the Entity's risk management activities.

A strategic and operational risk assessment for the year under review was conducted.

The Committee has reviewed the risk registers and risk mitigation action plans on a quarterly basis and has made recommendations where appropriate. Improvements regarding the embedment of the risk management in the daily activities of the Entity, remains outstanding.

### **In-Year Management and Monthly/Quarterly Report**

The Committee reports that, during the year under review, it was presented with regular quarterly management reports to enable it to:

- Monitor the integrity, accuracy and reliability of the performance of the Entity.
- Review the disclosure in the financial reports of the Entity and the context in which statements on the financial health of the Entity are made; and
- Review all material information presented together with management accounts.

The reports were discussed with the Entity's officials.

### **Evaluation of Financial Statements**

The Committee reviewed the Annual Financial Statements prepared by the entity before submission to the Auditor General of South Africa and consequently also the audited Annual Financial Statements and discussed the audited Annual Financial Statements, to be included in the annual report, with the Auditor-General of South Africa and the Accounting Officer and is satisfied that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the financial statements.
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context.
- Changes in the Accounting Policies and Practices.
- Significant adjustments resulting from the Audit.
- Compliance with accounting standards and legal requirements.
- Explanation for the accounting treatment adopted; and
- Reasons for significant year-on-year fluctuations.

### **External Audit: Auditor General South Africa**

The Committee, in consultation with the Accounting Officer, agreed to the terms of the Auditor General South Africa's engagement letter, audit strategy and audit fees in respect of the 2022/2023 financial year.

The Committee also monitored the implementation of the action plans to address matters arising from the Management Report issued by the Auditor-General South Africa (AGSA) for the 2021/22 Financial Year.

The Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements and annual performance information report be accepted and read together with the report of the Auditor-General South Africa.

The Committee furthermore strongly recommends interaction between the Committee and the management team to discuss and agree on the way forward on the implementation plan for an improved internal control environment within the Entity, thereby addressing the current internal control environment shortcomings of the entity.

Signed on behalf of the Committee by:

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Mr AN Mhlongo CA (SA), ACMA, CGMA  
Chairman of the Audit Committee  
Date: 31 August 2023

### **3.9 B-BBEE Compliance Performance Information**

The DPWI awarded a total of **240 tenders in the FY2022/23 to the value of R2 380 562 027**. The breakdown of BEE level awards are as follows;

- Level 1 BEE Contributor – 212 awards to the value of R2 121 495 030
- Level 2 BEE Contributor – 9 awards to the value of R144 409 325
- Level 3 BEE Contributor – 1 award to the value of R9 490 413
- Level 4 BEE Contributor – 1 award to the value of R2 771 464
- Level 8 BEE Contributor – 1 award to the value of R579 271
- Non-compliant contributor – 16 awards to the value of R101 816 524

The above tender awards can be further broken down noting that HDI black majority owned can include a service provider being classified as being youth and women as well as EME or QSE;

- 57 awards to Majority Youth Owned – R478 866 674
- 60 awards to Majority Women Owned – R514 348 349
- 183 awards to EME's – R1 334 210 574
- 31 awards to QSE's – R338 383 610
- 25 awards to Non EME/QSE's – R707 957 842

In respect of quotations awarded during the FY2022/23 DPWI targets Level 1 and 2 BEE contributors and in this regard 7478 quotes were awarded to the value of R992 687 260.92. The breakdown of these awards are as follows;

- Majority Women Owned – 1735 to the value of R218 713 695.08
- Majority youth Owned – 2719 to the value of R302 899 071
- Women Disability Owned – 78 to the value of R9 546 537.87
- Men Disability Owned – 81 to the value of R15 893 932.89



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## CHAPTER 4

### HUMAN RESOURCE MANAGEMENT

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#### 4.1 Introduction

The strategic objective of Human Resources (HR) is to implement effective HR management to make certain that adequate and sufficient skilled resources are in place and that performance is monitored. Within the approved legislative framework established by the Department of Public Service and Administration (DPSA), and the currently constrained financial environment, the Department of Public Works and Infrastructure (PMTE) provides support to its core functions by means of effective management and implementation of Human Resource (HR) policies, plans, and interventions.

#### 4.2 Status of Human Resources in the Department (DPW)

The Department employed 682 Individuals out of the 807 posts, inclusive of 45 additional employees to the organisational structure. Personnel expenditure as a percentage of total expenditure stood at 6,5% in the period under review. A staff turnover of 8,6 % was maintained during the current reporting period.

***Additional descriptive statistics are provided in the Tables below.***

Two duly authorized employee unions the National Education Health and Allied Workers' Union (NEHAWU) and the Public Service Association (PSA) represent workers. NEHAWU organizes state, health, education and welfare workers. On the management side, the Department deploys a Labour Relations unit to facilitate a conducive working environment for all staff. To this end, the Departmental Bargaining Chamber met four (4) times in the period under review.

#### 4.3 Workforce Planning

The Department has an approved HR Plan for the MTEF period. The aim of the new plan is to ensure the maintenance of processes and policies in HR to ensure that the right employees with the right mix of skills are placed in the right positions. It further promotes the maintenance of healthy attitudes and behaviors, and also that employee skills are developed in line with Departmental needs.

The HR Unit also developed a Workplace Skills Plan (WSP) for the Department, following the skills assessment conducted through the submission of Personal Development Plans (PDP's). As part of the implementation of the WSP, a number of training and development interventions were identified as indicated in the tables related to skills development.

#### 4.4 Performance Management

The PMTE has experienced strides in the improvement of compliance to the Performance Management and Development System (PMDS).

**In the financial year under review, the department focused mainly on the following human resource matters:**

- Managed human resource policies, planning and provided staffing 3
- Managed human resource benefits;
- Facilitated and monitored the implementation of employment equity;
- Ensured that an effective PERSAL management infrastructure is in place and maintained;
- Facilitated code of conduct, labour relations' guidelines and practices;
- Facilitated labour relations services;
- Managed employee grievances;
- Managed labour disputes;
- Managed collective bargaining;
- Managed the implementation of the Skills Development Act and internship/ Learnerships programmes and Bursaries
- Coordinated and facilitated the training and development of employees;
- The department saw an increased utilisation of the Wellness services provided by the department of which the majority of the cases seen were screenings for non-communicable diseases (hypertension, cholesterol, diabetes, etc.) and the monitoring of those at risk on the disease management programme.

#### 4.1 Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

**Table 4.1.1 Personnel expenditure by programme**

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment (Including periodic appointment, etc.)
DPW:ADMINISTRATION	501 103	262 448	2 487	52.37	648,02	405
DPW:EXP&ED PUBLIC WORK PROGRAMME	2 982 840	172 627	0	5.87	469,10	368
DPW:INTERGOVERNMENTLE COORDINATION	47 776	32 596	0	68.23	1 018,63	32
DPW:PRESTIGE POLICY	49 447	28 441	0	57.52	790,03	36
DPW:PROPERT&CONST IND POL & REG	4 329 002	18 043	0	0.42	1 127,69	16
<b>Total as on Financial Systems (BAS)</b>	<b>7 910 167</b>	<b>514 155</b>	<b>2 487</b>	<b>6.50</b>	<b>599,95</b>	<b>857</b>

In table 4.1.1 to 4.1.4 Employment includes permanent employees and employees in positions additional to the establishment it includes all employees even those not carried against a post e.g. periodic appointments, etc. Periodic appointments and abnormal appointments is how PERSAL identifies the nature of appointment of employees who are paid a stipend/time sheets for example NYS Learners, etc. Compensation of Employees in table 4.1.1 is based on BAS information for Cost of Employees. Tables 4.1.2 to 4.1.4 is based only on PERSAL information only.

**Table 4.1.2 Personnel costs by salary band**

Salary Bands	Compensation of Employees Cost including Transfers (R'000)	Percentage of Employee Cost including Transfers	Average Compensation Cost per Employee (R)	Number of Employees
Skilled (Levels 3-5)	32 626	6,20	274 168	119
Highly skilled production (Levels 6-8)	84 328	16,00	508 000	166
Highly skilled supervision (Levels 9-12)	251 175	47,60	906 769	277
Senior management (Levels >= 13)	118 025	22,40	1 532 792	77
Contract (Levels 3-5)	1 834	0,30	262 000	7
Contract (Levels 6-8)	2 529	0,50	421 500	6
Contract (Levels 9-12)	7 320	1,40	522 857	14
Contract (Levels >= 13)	18 657	3,50	1 554 750	12
Contract Other	64	0,00	64 000	1
Periodical Remuneration	1 237	0,20	7 109	174
Abnormal Appointment	7	0,00	7 000	1
<b>TOTAL</b>	<b>517 803</b>	<b>98,10</b>	<b>604 204</b>	<b>857</b>

\* NB Compensation of Employees including transfer cost is. R517 803 transfer Cost in terms of PERSAL refers to the payment of Resettlement Cost and Leave Gratuity that is paid on PERSAL but posted against Items in Goods and Services. The number of employees in this table includes filled post as well as periodical and abnormal appointments therefore total employees is calculated as **175** (Interns, Learners, etc.).

**Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme**

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme including Goods and Services (R'000)
DPW: ADMINISTRATION	216 838	81,00	4 712	1,80	8 315	3,10	10 955	4,10	267 545
DPW: EXPANDED PUBLIC WORKS PROGRAMME	146 898	81,10	2	0,00	6 032	3,30	4 435	2,40	181 091
DPW:INTERGOVERNMENTAL COORDINATION	28 170	84,00	5,00	0,00	885	2,60	633	1,90	33 545
DPW:PRESTIGE POLICY	21 770	79,10	1 480	5,40	575	2,10	1 039	3,80	27 532
DPW: PROP & CONS INDUS POLICY REG	15 507	85,20	10	0,10	769	4,20	184	1,00	18 199
<b>TOTAL</b>	<b>429 183,00</b>	<b>81,30</b>	<b>6 209</b>	<b>1,20</b>	<b>16 576</b>	<b>3,10</b>	<b>17 246</b>	<b>3,30</b>	<b>527 911</b>

\* **Note Table 4.1.3** Compensation of Employees including transfer cost is R517 803. In terms of Table 4.1.3 and Table 4.1.4 Total Personnel Cost also includes Goods and Services meaning transfer costs e.g. Resettlement and Leave Gratuity as well as S & T that is paid through PERSAL. Therefore the difference in the expenditure for Total Personnel Cost.

**Table 4.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band**

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band Including Good and Services (R'000)
Skilled (Levels 3-5)	21 625	66,10	1 930	5,90	2 066	6,30	4 251	13,00	32 737
Highly skilled production (Levels 6-8)	64 478	76,20	2 567	3,00	3 036	3,60	6 256	7,40	84 628
Highly skilled supervision (Levels 9-12)	213 567	82,50	1 406	0,50	6 315	2,40	5 75	2,20	258 800
Senior management (Levels 13)	100 832	84,10	0	0,00	5 062	4,20	952	0,80	119 856
Contract (Levels 3-5)	1 762	96,00	62	3,40	0	0,00	0	0,00	1 835
Contract (Levels 6-8)	2 404	94,70	124	4,90	0	0,00	0	0,00	2 539
Contract (Levels 9-12)	6 701	91,10	120	1,60	8	0,10	23	0,30	7 357
Contract (Levels >= 13)	16 506	87,60	0	0,00	89	0,50	5	0,00	18 844
Contract Other	64	94,10	0	0,00	0	0,00	0	0,00	68
Periodical Remuneration	1 237	99,80	0	0,00	0	0,00	0	0,00	1 240
Abnormal Appointment	7	100,00	0	0,00	0	0,00	0	0,00	7
<b>TOTAL</b>	<b>429 183</b>	<b>81,30</b>	<b>6 209</b>	<b>1,20</b>	<b>16 576</b>	<b>3,10</b>	<b>17 246</b>	<b>3,30</b>	<b>527 911</b>

## 4.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

**Table 4.2.1 Employment and vacancies by programme**

Programme	Number of Posts	Number of Posts Filled	Number of Posts Vacant	Vacancy Rate %	Number of Posts Filled Additional to the Establishment
DPW:ADMINISTRATION	469	396	73	15,60	38
DPW:EXPANDED PUBLIC WORKS PROGRAMME	231	202	29	12,60	4
DPW:INTERGOVERNMENTAL COORDINATN	40	32	8	20,00	2
DPW:PRESTIGE POLICY	39	36	3	7,70	0
DPW:PROP & CONS INDUS POLICY REG	28	16	12	42,90	1
<b>TOTAL</b>	<b>807</b>	<b>682</b>	<b>125</b>	<b>15,50</b>	<b>45</b>

**Table 4.2.2 Employment and vacancies by salary band**

Salary Band	Number of Posts	Number of Posts Filled	Number of Posts Vacant	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Skilled (Levels 3-5)	126	119	7	5,60	0
Highly Skilled Production (Levels 6-8)t	197	166	31	15,70	0
Highly Skilled Supervision (Levels 9-12)	323	277	46	14,20	1
Senior Management (Levels 13-16)	118	77	41	34,70	3
Other	4	4	0	0,00	4
Contract (Levels 3-5)	7	7	0	0,00	6
Contract (Levels 6-8)	6	6	0	0,00	6
Contract (Levels 9-12)	14	14	0	0,00	13
Contract (Levels 13-16)	12	12	0	0,00	12
<b>TOTAL</b>	<b>807</b>	<b>682</b>	<b>0</b>	<b>15,50</b>	<b>45</b>

**Table 4.2.3 Employment and vacancies by critical occupations**

Critical Occupations	Number of Posts	Number of Posts Filled	Number of Posts Vacant	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior Managers	130	89	41	31,50	15

#### **4.3. Filling of Senior Management Service (SMS) Posts**

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

**Table 4.3.1 SMS post information as on 31 March 2023**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	2	1	50	1	50
Salary Level 15	10	5	50	5	50
Salary Level 14	34	23	68	11	32
Salary Level 13	76	63	83	13	17
<b>Total</b>	<b>123</b>	<b>93</b>	<b>76</b>	<b>30</b>	<b>24</b>

**Table 4.3.2 SMS post information as on 30 September 2022**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	2	1	50%	1	50%
Salary Level 15	10	5	50%	5	50%
Salary Level 14	34	23	68%	11	32%
Salary Level 13	76	63	83%	13	17%
<b>Total</b>	<b>123</b>	<b>93</b>	<b>76%</b>	<b>30</b>	<b>24%</b>

**Table 4.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023**

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023**

#### Reasons for vacancies not advertised within six months


#### Reasons for vacancies not filled within twelve months


Notes: In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023**

#### Reasons for vacancies not advertised within six months

None

#### Reasons for vacancies not filled within six months

None

#### Notes

In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

#### 4.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organization. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarizes 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.

Salary Band	Number of Posts	Number of posts Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Skilled (Levels 3-5)	126	4	3,20	0	0,00	3	2,38
Highly Skilled Production (Levels 6-8)	197	234	118,80	1	00	0	0,00
Highly Skilled Supervision (Levels 9-12)	323	174	53,90	0	0,00	8	2,47
Senior Management Service Band A	70	9	12,90	1	0,30	0	0,00
Senior Management Service Band B	34	1	2,90	0	0,00	0	0,00
Senior Management Service Band C	11	2	18,20	0	0,00	0	0,00
Senior Management Service Band D	3	1	33,30	0	0,00	0	0,00
Other	4	0	0,00	0	0,00	0	0,00
Contract (Levels 3-5)	7	0	0,00	0	0,00	0	0,00
Contract (Levels 6-8)	6	0	0,00	0	0,00	0	0,00
Contract (Levels 9-12)	14	0	0,00	0	0,00	0	0,00
Contract Band A	8	0	0,00	0	0,00	0	0,00
Contract Band C	2	0	0,00	0	0,00	0	0,00
Contract Band D	2	0	0,00	0	0,00	0	0,00
<b>TOTAL</b>	<b>807</b>	<b>425</b>	<b>243,20</b>	<b>2</b>	<b>0,30</b>	<b>11</b>	<b>4,85</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post 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 4.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded**

Beneficiaries	African	Asian	Colored	White	Total
Female	1	0	0	0	1
Male	0	0	0	0	-
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Employees with a Disability	0	0	0	0	0

The following table summarizes the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**Table 4.4.3 Employees with salary levels higher than those determined by job evaluation by occupation**

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Administrative Clerk: Prestige	3	5	6	Alignment to the coordinated level
Deputy Director: Human Capital Investment	2	11	12	Compliance with section 34 of the Public Service Act
Deputy Director: Knowledge Management	1	11	12	Compliance with section 34 of the Public Service Act
Assistant Director: Human Capital Investment	2	9	10	Compliance with section 34 of the Public Service Act
<b>Total</b>	<b>8</b>			

The following table summarizes the beneficiaries of the above in terms of race, gender, and disability.

**Table 4.4.4 Profile of employees who have salary levels higher than those determined by job evaluation**

Beneficiaries	African	Asian	Coloured	White	Total
Female	3	0	1	0	4
Male	2	0	2	0	4
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>4</b>
Employees with a Disability	0	0	0	0	0

#### 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 and critical occupations.



**Table 4.5.1 Annual turnover rates by salary band**

Salary Band	Employment at Beginning of Period (April 2022)	Appointments	Terminations	Turnover Rate %
Skilled (Levels 3-5)	118	7	4	3,40
Highly Skilled Production (Levels 6-8)	170	8	10	5,90
Highly Skilled Supervision (Levels 9-12)	273	10	9	3,30
Senior Management Service Band A	54	0	4	7,40
Senior Management Service Band B	22	1	2	9,10
Senior Management Service Band C	5	1	1	20,00
Senior Management Service Band D	3	1	1	33,30
Other	1	1	0	0,00
Contract (Levels 3-5)	21	22	18	85,70
Contract (Levels 6-8)	4	4	1	25,00
Contract (Levels 9-12)	7	7	1	14,30
Contract Band A	7	6	3	42,90
Contract Band B	1	2	3	300,00
Contract Band C	0	2	0	0,00
Contract Band D	4	0	2	50,00
<b>TOTAL</b>	<b>690</b>	<b>72</b>	<b>59</b>	<b>8,60</b>

**Table 4.5.2 Annual turnover rates by critical occupation**

Occupation	Employment at Beginning of Period (April 2022)	Appointments	Terminations	Turnover Rate %
Senior Managers	96	13	16	16,70

**Notes**

The CORE classification, as prescribed by the DPSA, should be used for completion of this table. The table below identifies the major reasons why staff left the department.

**Table 4.5.3 Reasons why staff left the department**

Termination Type	Number	Percentage of Total Terminations	Percentage of Total Employment at the end of the period
Death	3	5,10	0,40
Resignation	38	64,40	5,60
Expiry of contract	8	13,60	1,20
Dismissal-misconduct	2	3,40	0,30
Retirement	8	13,60	1,20
<b>TOTAL</b>	<b>59</b>	<b>100,00</b>	<b>8,70</b>

Resignation consists of permanent and contract employees who resigned during 2022/2023 financial year.

**Table 4.5.4 Promotions by critical occupation**

Occupation	Employment at Beginning of Period (April 2022)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Senior Managers	96	1	1	15	15,60

In this table promotion includes promotion from one level to the next and progression to a higher notch in the same salary level.

**Table 4.5.5 Promotions by salary band**

Salary Band	Employment at Beginning of Period (April 2022)	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
Skilled (Levels 3-5)	118	0	0,00	93	78,80
Highly Skilled Production (Levels 6-8)	170	3	1,80	109	64,10
Highly Skilled Supervision (Levels 9-12)	273	7	2,60	172	63,00
Senior Management (Levels 13-16)	84	1	1,20	13	15,50
Contract, Other	1	0	0,00	0	0,00
Contract (Levels 3-5)	21	0	0,00	0	0,00
Contract (Levels 6-8)	4	0	0,00	1	25,00
Contract (Levels 9-12)	7	0	0,00	3	42,90
Contract (Levels 13-16)	12	0	0,00	0	0,00
<b>TOTAL</b>	<b>690</b>	<b>11</b>	<b>1,60</b>	<b>391</b>	<b>56,70</b>

## 4.6. Employment Equity

Table 4.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2019

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
SENIOR OFFICIALS AND MANAGERS	43	0	0	2	41	3	0	1	90
PROFESSIONALS	42	1	1	1	58	1	0	2	106
TECHNICIANS AND ASSOCIATE PROFESSIONALS	70	2	0	1	95	4	1	3	176
CLERKS	60	3	0	1	126	1	3	7	201
SERVICE SHOP AND MARKET SALES WORKERS	53	0	1	0	44	0	0	0	98
CRAFT AND RELATED TRADE WORKERS	1	0	1	0	0	0	0	0	2
LABOURERS AND RELATED WORKERS	2	0	0	0	4	0	0	0	6
UNKNOWN	2	0	0	0	1	0	0	0	3
<b>Total</b>	<b>273</b>	<b>6</b>	<b>3</b>	<b>5</b>	<b>369</b>	<b>9</b>	<b>4</b>	<b>13</b>	<b>682</b>
Employees with disabilities	1	0	0	1	1	0	0	0	3

This table includes only Contract and Permanent (Excludes Learners and Periodic Appointments)

**Table 4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2022**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	4	1	0	0	7
Senior Management	36	0	0	1	31	1	-0	1	70
Professionally qualified and experienced specialists and mid-management	123	3	3	2	137	3	2	4	277
Skilled technical and academically qualified workers, junior management, supervisors, foremen	39	2	0	0	114	1	2	8	166
Semi-skilled and discretionary decision making	54	0	0	0	64	1	0	0	119
Not Available	3	0	0	0	1	0	0	0	4
Contract (Top Management)	3	0	0	0	1	0	0	0	4
Contract (Senior Management)	3	0	0	1	3	1	0	0	8
Contract (Professionally Qualified)	7	1	0	1	5	0	0	0	14
Contract (Skilled Technical)	1	0	0	0	5	0	0	0	6
Contract (Semi-Skilled)	2	0	0	0	4	1	0	0	7
<b>TOTAL</b>	<b>273</b>	<b>6</b>	<b>3</b>	<b>5</b>	<b>369</b>	<b>9</b>	<b>4</b>	<b>13</b>	<b>682</b>

**Table 4.6.3 Recruitment**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	2	0	0	0	2
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	5	0	0	0	5	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen	2	0	0	0	6	0	0	0	8
Semi-skilled and discretionary decision making	4	0	0	0	3	0	0	0	7
Not Available	1	0	0	0	0	0	0	0	1
Contract (Top Management)	2	0	0	0	0	0	0	0	2
Contract (Senior Management)	2	0	0	1	3	2	0	0	8
Contract (Professionally qualified)	4	1	0	1	1	0	0	0	7
Contract (Skilled technical)	1	0	0	0	3	0	0	0	4

Contract (Semi-skilled)	4	0	0	0	16	2	0	0	22
<b>Total</b>	<b>25</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>40</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>72</b>
Employees with disability	1	0	0	0	0	0	0	0	1

“Not Available” refers to the Learners appointed under the HCI Learnership Programme for Internal Audit, Information Services, etc.

**Table 4.6.4 Promotion** (Includes promotion to salary level and progressions to another notch within the Salary Level)

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	7	0	0	0	7	0	0	0	14
Professionally qualified and experienced specialists and mid-management	83	2	1	1	89	0	2	1	179
Skilled technical and academically qualified workers, junior management, supervisors, foremen,	33	2	0	0	72	1	1	3	112
Semi-skilled and discretionary decision making	44	0	0	0	48	1	0	0	93
Contract (Professionally qualified)	1	0	0	0	2	0	0	0	3
Contract (Skilled technical)	1	0	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>169</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>218</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>402</b>
<b>Employees with disability</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

**Table 4.6.5 Terminations**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	3	0	1	0	2	0	0	0	6
Professionally qualified and experienced specialists and mid-management	4	0	0	0	4	0	0	1	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen	5	0	0	0	4	1	0	0	10
Semi-skilled and discretionary decision making	2	0	0	0	2	0	0	0	4

Contract (Top Management)	1	0	0	1	0	0	0	0	2
Contract (Senior Management)	2	0	0	1	2	1	0	0	6
Contract (Professionally qualified)	0	0	0	1	0	0	0	0	1
Contract (Skilled Technical)	1	0	0	0	0	0	0	0	1
Contract (Semi-skilled)	3	0	0	0	14	1	0	0	18
<b>Total</b>	<b>23</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>28</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>59</b>

**Table 4.6.6 Disciplinary action**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
DISMISSAL	2	0	0	0	0	0	0	0	2
SUSPENSION FROM WORK WITHOUT PAYMENT	4	0	0	0	3	0	0	0	7
FINAL WRITTEN WARNING	2	0	0	0	0	0	0	0	2
WRITTEN WARNING	5	0	0	1	11	0	0	0	17
VERBAL WARNING	1	0	0	0	0	0	0	0	1
CASES WITHDRAWN/ NOT GUILTY/CASES NOT PURSUED DUE TO INCONCLUSIVE EVIDENCE	2	0	0	0	3	0	0	0	5
RETIREMENT / RESIGNATION, TRANSFER and DEATH	2	0	0	0	1	0	0	0	3
<b>TOTAL</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37</b>

**Table 4.6.7 Skills development**

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	17				20	3			40
Professionals	20	1	1		67		4		93
Technicians and Associate Professionals					2				2
Clerks	49				155		1	3	208
Service and Sales Workers	36				27	0			63
Skilled Agriculture and Fishery Workers									
Craft and related Trades Workers									
Plant and Machine Operators and Assemblers									
Elementary Occupations									
Employees with disabilities					1				1

TOTAL	122	1	1		271	3	5	3	406
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#### 4.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

**Table 4.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	0	0
Salary Level 16	1	1	1	100
Salary Level 15	5	5	4	80
Salary Level 14	24	24	20	83
Salary Level 13	62	62	57	92
<b>Total</b>	<b>93</b>	<b>93</b>	<b>82</b>	<b>88</b>

#### Notes

In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2020.

**Table 4.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023**

Reasons
Not applicable due to the fact that the 2022/2023 performance management cycle has not been concluded yet

**Table 4.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2023**

Reasons
Not applicable due to the fact that the 2022/2023 performance management cycle has not been concluded yet.

#### 4.8. 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), salary bands and critical occupations.

**Table 4.8.1 Performance Rewards by race, gender and disability**

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	11	368	3	457	41 507
African, Male	12	272	4	770	64 169
Asian, Female	0	4	0	0	0
Asian, Male	1	3	33	48	47 884
Coloured, Female	1	9	11	49	48 602
Coloured, Male	0	6	0	0	0
Total Blacks, Female	12	381	3	505	42 098
Total Blacks, Male	13	281	5	818	62 916
White, Female	0	13	0	0	0
White, Male	0	4	0	0	0
Employees with a disability	0	3	0	0	0
<b>TOTAL</b>	<b>25</b>	<b>682</b>	<b>4</b>	<b>1 323</b>	<b>52 923</b>

**Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service**

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R')
Skilled (Levels 3-5)	0	119	0	0	0
Highly Skilled Production (Levels 6-8)	1	166	1	14	13 587
Highly Skilled Supervision (Levels 9-12)	3	277	1	67	22 386
Other	0	4	0	0	0
Contract (Levels 3-5)	0	7	0	0	0
Contract (Levels 6-8)	0	6	0	0	0
Contract (Levels 9-12)	0	14	0	0	0
<b>TOTAL</b>	<b>4</b>	<b>593</b>	<b>1</b>	<b>81</b>	<b>20 186</b>

**Table 4.8.3 Performance Rewards by critical occupation**

Critical Occupations	Number of Beneficiaries	Total Employment	% of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R')
Senior Managers	21	89	24	1 242	59 159

SMS received PMDS for 2019/2020 and 2020/2021 financial year in 2022/2023 cycle.

### Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

**Table 4.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service**

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R')	% of SMS Bill	Personnel Cost SMS (R'000)
Band A	14	59	24	737	52 617	1	80 229
Band B	6	19	32	457	76 184	1	34 476
Band C	1	8	13	49	48 602	1	10 560
Band D	0	3	0	0	0	0	13 436
<b>TOTAL</b>	<b>21</b>	<b>89</b>	<b>24</b>	<b>1 242</b>	<b>59 159</b>	<b>1</b>	<b>138 700</b>

#### 4.9. Foreign Workers

The tables below summaries the employment of foreign nationals in the department in terms of salary band and major occupation.

**Table 4.9.1 foreign workers by salary band**

Salary Band	1 April 2022		31 March 2023		Change	
	Number	%age of Total	Number	% of Total	Number	% Change
None	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.9.2 foreign workers by major occupation**

Major Occupation	1 April 2022		31 March 2023		Change	
	Number	%age of Total	Number	% of Total	Number	% Change
Administrative office workers	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 4.10. Leave utilisation<sup>2</sup>

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

**Table 4.10.1 Sick leave**

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)	Number of days with Medical Certification
Contract (Levels 13-16)	2	0,00	1	0,20	2	15	0
Contract (Levels 6-8)	8	50,00	2	0,50	4	11	4
Contract (Levels 9-12)	52	94,20	4	0,90	13	164	49
Contract (Levels 3-5)	7	71,40	1	0,20	7	6	5
Contract Other	1	0,00	1	0,20	1	-	0
Skilled (Levels 3-5)	744	85,90	78	17,60	10	579	639



Highly skilled production (Levels 6-8)	972	79,30	121	27,30	8	1 576	771
Highly skilled supervision (Levels 9-12)	1 560	80,40	190	42,80	8	5 273	1 255
Senior management (Levels 13-16)	287	89,20	46	10,40	6	1 380	256
<b>TOTAL</b>	<b>3 633</b>	<b>82,00</b>	<b>444</b>	<b>100,00</b>	<b>8</b>	<b>9 006</b>	<b>2 979</b>

**Table 4.10.2 Disability leave (temporary and permanent)**

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification
Highly skilled production (Levels 6-8)	112	100,00	2	66,70	56	180	112
Highly skilled supervision (Levels 9-12)	66	100,00	1	33,30	66	248	66
<b>TOTAL</b>	<b>178</b>	<b>100,00</b>	<b>3</b>	<b>100,00</b>	<b>59</b>	<b>428</b>	<b>178</b>

The table below summarizes the utilization of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 4.10.3 Annual Leave**

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Contract (Levels 3-5)	53	9	6
Contract (Levels 6-8)	52	9	6
Contract (Levels 9-12)	75	8	9
Contract (Levels 13-16)	131	12	11
Contract Other	9	9	1
Skilled (Levels 3-5)	2 318	20	118
Highly skilled production (Levels 6-8)	4 238	24	180
Highly skilled supervision (Levels 9-12)	7 056	25	283
Senior management (Levels 13-16)	1 999	23	86
<b>TOTAL</b>	<b>15 931</b>	<b>23</b>	<b>700</b>

**Table 4.10.4 Capped leave**

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employees who took Capped leave	Total number of capped leave available at end of period	Number of Employees as at end of period
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0

Contract Other	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	28	0	562	20
Highly skilled supervision (Levels 9-12)	0	0	32	0	1 163	36
Senior management (Levels 13-16)	0	0	42	0	790	19
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>2 515</b>	<b>75</b>

The following table summaries payments made to employees as a result of leave that was not taken.

**Table 4.10.5 Leave pay-outs**

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
ANNUAL - DISCOUNTING WITH RESIGNATION (WORK DAYS)	1 447	25	57 880
ANNUAL - DISCOUNTING: UNUSED VACATION CREDITS (WORK DAYS)	264	4	66 000
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	909	10	90 900
CAPPED - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	1 304	5	260 800
<b>TOTAL</b>	<b>3 924</b>	<b>44</b>	<b>475 580</b>

#### 4.11. HIV/AIDS & Health Promotion Programmes

**Table 4.11.1 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
Construction workers as they categorized as vulnerable population because of migration	HIV/AIDS strategy on the construction sector is in place

**Table 4.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
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.	Yes		Director: OD, Mr. Reuben Mahlatjie
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and wellbeing 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.	Yes		10 EHW Practitioners based at the regions and 3 Assistant Directors in Head Office

3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		Educational and awareness sessions are rendered on regular basis
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		There are EHW committees and Sports committees, coordinated by the EHW unit
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		HIV/AIDS in the workplace policy has been drafted and awaiting approval
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		EHW unit is using a Human Rights based approach, education and stigma mitigation programmes to manage HIV/AIDS in the workplace
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		The Department has collaborated with Department of Health and NGO's for the HCT campaigns. The service was also impacted by the irregular service received from GEMS as they are no longer having a contracted service provider for the Health and Wellness screenings
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		A plan (DSOP) & a monitoring toll (SMT) are submitted to DPSA on annual basis for the purpose of planning & monitoring EHW programmes. The indicators , amongst others include: No. of employees screened and tested for HIV, Utilization rate of general wellness services.

## 4.12. Labour Relations

**Table 4.12.1 Collective agreements**

Subject Matter	Date
None	

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

**Table 4.12.2 Misconduct and disciplinary hearings finalized**

Outcomes of disciplinary hearings	Number	Percentage (%) of Total	Total
DISMISSAL	2	5,40	2
SUSPENSION FROM WORK WITHOUT PAYMENT	7	18,91	7
FINAL WRITTEN WARNING	2	5,40	2
WRITTEN WARNING	17	45,94	17
VERBAL WARNING	1	2,70	1

CASES WITHDRAWN/ NOT GUILTY/CASES NOT PURSUED DUE TO INCONCLUSIVE EVIDENCE	5	13,51	5
RETIREMENT / RESIGNATION, TRANSFER and DEATH	3	8,10	3
<b>TOTAL</b>	<b>37</b>	<b>100</b>	<b>37</b>

**Table 4.12.3 Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	Percentage of Total (%)	Total
NON-COMPLIANCE WITH SCM/PROCUREMENT PROCEDURES	9	24,32	9
NEGLIGENCE / DERELICTION OF DUTIES	10	27,02	10
ABSENT FROM WORK WITHOUT REASON OR PERMISSION	3	8,10	3
FAILURE TO CARRY-OUT LAWFUL INSTRUCTIONS/INSUBORDINATION	2	5,40	2
THEFT	1	2,70	1
ASSAULT	1	2,70	1
FACILITATED IRREGULAR APPOINTMENT OF EMPLOYEES	3	8,10	3
DEFAMATION OF CHARACTER	1	2,70	1
DISPLAYED DISRESPECT, DISGRACEFUL AND UNACCEPTABLE BEHAVIOUR	1	2,70	1
FAILURE TO DECLARE OR DISCLOSE ALL REGISTRABLE INTERESTS TO THE EMPLOYER	6	16,21	6
<b>TOTAL</b>	<b>37</b>	<b>100</b>	<b>37</b>

**Table 4.12.4 Grievances logged**

Number of grievances addressed	Number	% of Total	Total
Not resolved	0	0	0
Resolved	5	100,00	5
<b>TOTAL</b>	<b>5</b>	<b>100,00</b>	<b>5</b>

**Table 4.12.5 Disputes logged**

Number of disputes addressed	Number	% of total
Upheld	8	53.3%
Dismissed	7 cases pending	46.6%
<b>Total</b>	<b>15</b>	

**Table 4.12.6 Strike actions**

Strike Actions
—

None	0
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**Table 4.12.7 Precautionary suspensions**

Number of Employees placed on precautionary suspension	Number of employees whose suspension exceeded 30 days	Cost (R) of suspensions
Number of Employees whose suspension exceeded 30 days	2	1 284 207
Number of Employees whose suspension did not exceed 30 days	0	0
<b>TOTAL:</b>	<b>2</b>	<b>1 284 207</b>

#### 4.13. Skills development

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

**Table 4.13.1: Training needs identified**

Occupational Categories	Gender	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	220	0	220
Legislators, senior officials and managers	Male	100	0	100
Professionals	Female	101	0	101
Professionals	Male	88	0	88
Technicians and associate professionals	Female	90	0	90
Technicians and associate professional	Male	70	0	70
Clerks	Female	304	0	304
Clerks	Male	210	0	210
Service and sales workers	Female	30	0	30
Service and sales workers	Male	101	0	101
Skilled agriculture and fishery workers	Female	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0
Craft and related trades workers	Female	0	0	0
Craft and related trades workers	Male	0	0	0
Plant and machine operators and assemblers	Female	0	0	0
Plant and machine operators and assemblers	Male	0	0	0
Elementary occupations	Female	0	0	0

Elementary occupations	Male	0	0	0
Gender sub totals	Female	745	0	745
Gender sub totals	Male	569	0	569
<b>TOTAL</b>		<b>1 314</b>	<b>0</b>	<b>1 314</b>

**Table 4.13.2 Training provided for the period**

Occupational Categories	Gender	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	23	0	23
Legislators, senior officials and managers	Male	15	2	17
Professionals	Female	67	4	71
Professionals	Male	22	0	22
Technicians and associate professionals	Female	2	0	2
Technicians and associate professional	Male	0	0	0
Clerks	Female	156	3	159
Clerks	Male	49	0	49
Service and sales workers	Female	27	0	27
Service and sales workers	Male	36	0	36
Skilled agriculture and fishery workers	Female	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0
Craft and related trades workers	Female	0	0	0
Craft and related trades workers	Male	0	0	0
Plant and machine operators and assemblers	Female	0	0	0
Plant and machine operators and assemblers	Male	0	0	0
Elementary occupations	Female	0	0	0
Elementary occupations	Male	0	0	0
<b>Gender sub totals</b>	<b>Female</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Gender sub totals</b>	<b>Male</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>		<b>397</b>	<b>9</b>	<b>406</b>

**Table 4.14.1 Injury on duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	18	0,00

Temporary Total Disablement	6	0,00
Permanent Disablement	1	4,00
Fatal	0	0,00
<b>Total</b>	25	

Table 4.15.1 Report on consultant appointments using appropriated funds

Project Title:	Total number of consultants that worked on the project:	Duration	Contract value in Rand:
Organizational culture change	4 consultants (Roisin Rabe, Dedre Lemmer, Francois Wilbers & Musa Sibanda)	6 months (operational delays without affecting the scope & cost)	R2 879 950.06

## HUMAN RESOURCE INFORMATION: PMTE

### 4.1 Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

**Table 4.1.1 Personnel expenditure by programme**

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Administration	552 523	618 056	5 056	29%	539	1 147
Construction Project Management	460 639	405 672	103	19%	786	516
Facilities Management Services	768 807	770 484	351	36%	258	2 984
Real Estate Information And Registry Services	58 634	58 821	0	3%	516	114
Real Estate Investment Services	163 863	170 055	0	8%	909	187
Real Estate Management Services	151 094	117 865	0	6%	546	216
<b>Total</b>	<b>2 155 560</b>	<b>2 140 953</b>	<b>5 510</b>	<b>100%</b>	<b>415</b>	<b>5 164</b>

Note: In table 4.1.1 to 4.1.4 Employment includes permanent employees and employees in positions additional to the establishment it includes all employees even those not carried against a post e.g. periodic appointments, etc. Periodic appointments and abnormal appointments is how PERSAL identifies the nature of appointment of employees who are paid a stipend/time sheets for example NYS Learners, Leaners, etc. Compensation of Employees in table 4.1.1 is based on SAGE information for Cost of Employees. Tables 4.1.2 to 4.1.4 is based only on PERSAL information only.



**Table 4.1.2 Personnel costs by salary band**

Salary Bands	Compensation of Employees Cost including Transfers (R'000)	Percentage of Employee Cost including Transfers	Average Compensation Cost per Employee (R)	Number of Employees
Lower skilled (Levels 1-2)	34 880	1,70	150 996	231
Skilled (Levels 3-5)	487 204	23,90	261 938	1 860
Highly skilled production (Levels 6-8)	518 966	25,40	469 228	1 106
Highly skilled supervision (Levels 9-12)	651 506	31,90	879 225	741
Senior management (Levels >= 13)	116 262	5,70	1 367 788	85
Other	616	0,00	616 000	1
Contract (Levels 1-2)	522	0,00	130 500	4
Contract (Levels 3-5)	27 921	1,40	209 932	133
Contract (Levels 6-8)	12 573	0,60	483 577	26
Contract (Levels 9-12)	120 034	5,90	902 511	133
Contract (Levels >= 13)	10 069	0,50	1 438 429	7
Contract Other	14 277	0,70	69 985	204
Periodical Remuneration	15 255	0,70	25 320	603
Abnormal Remuneration	735	0,00	24 098	31
<b>TOTAL</b>	<b>2 010 819</b>	<b>98,50</b>	<b>389 392</b>	<b>5 164</b>

Note: Compensation of Employees including transfer cost is R2 010 819 000. Transfer Cost in terms of PERSAL refers to the payment of Resettlement Cost and Leave Gratuity that is paid on PERSAL but posted against Items in Goods and Services. "Compensation of Employees including Transfers" will include payments for resettlement and leave gratuity. In table 4.1.3 and 4.1.4 Total Personnel Cost including Good & Services refer to Cost of Employees including payments for resettlement, leave gratuity and S&T which is paid through PERSAL but posting against Good and Services Items.

**Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme**

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (including Good and Services) (R'000)
Administration	422 186	78,90	16 301	3,00	15 814	3,00	30 611	5,70	534 988
Construction Project Management	333 250	86,40	503	0,10	5 480	1,40	6 510	1,70	385 508
Facilities Management Services	564 592	72,20	25 304	3,20	39 820	5,10	71 675	9,20	781 701
Real Estate Information And Registry Services	50 826	85,30	907	1,50	1 306	2,20	1 443	2,40	59 612
Real Estate Investment Services	125 130	83,90	54	0,00	3 348	2,20	4 949	3,30	149 152
Real Estate Management Services	104 118	79,20	2 944	2,20	3 494	2,70	5 820	4,40	131 404
<b>Total</b>	<b>1 600 102</b>	<b>78,30</b>	<b>46 014</b>	<b>2,30</b>	<b>69 262</b>	<b>3,40</b>	<b>121 008</b>	<b>5,90</b>	<b>2 042 364</b>

**Table 4.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band**

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower Skilled (Levels 1-2)	24 874	70,40	628	1,80	2 421	6,90	4 103	11,60	35 324
Skilled (Levels 3-5)	333 369	68,20	19 110	3,90	32 504	6,60	59 119	12,10	489 094
Highly skilled production (Levels 6-8)	396 143	75,50	16 640	3,20	18 879	3,60	37 761	7,20	524 705
Highly skilled supervision (Levels 9-12)	547 503	81,70	7 918	1,20	12 493	1,90	18 876	2,80	670 351
Senior management (Levels 13-16)	102 153	86,10	0	0,00	2 798	2,40	1 059	0,90	118 653
Other	492	79,70	9	1,50	19	3,10	39	6,30	617
Contract (Levels 1-2)	521	99,80	0	0,00	0	0,00	0	0,00	522
Contract (Levels 3-5)	26 752	95,00	610	2,20	0	0,00	0	0,00	28 170
Contract (Levels 6-8)	12 237	96,90	157	1,20	0	0,00	0	0,00	12 622
Contract (Levels 9-12)	116 459	95,70	917	0,80	30	0,00	38	0,00	121 711
Contract (Levels 13-16)	9 494	93,60	0	0,00	118	1,20	12	0,10	10 147
Other Contracts	14 115	97,60	26	0,20	0	0,00	0	0,00	14 456
Periodical Appointments	15 255	100,00	0	0,00	0	0,00	0	0,00	15 256
Abnormal Appointments	735	99,90	0	0,00	0	0,00	0	0,00	736
<b>TOTAL</b>	<b>1 600 102</b>	<b>78,30</b>	<b>46 014</b>	<b>2,30</b>	<b>69 262</b>	<b>3,40</b>	<b>121 008</b>	<b>5,90</b>	<b>2 042 364</b>

Other contracts are Intern and Learnerships not linked to a specific salary level e.g. paid a stipend

## 4.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

**Table 4.2.1 Employment and vacancies by programme**

Programme	Number of Posts	Number of Posts Filled	Number of Posts Vacant	Vacancy Rate %	Number of Posts Filled Additional to the Establishment
Administration	1 268	1 110	158	12,50	192
Construction Project Management	598	504	94	15,70	183
Facilities Management Services	2 677	2 400	277	10,30	60
Real Estate Information And Registry Services	120	114	6	5,00	47
Real Estate Investment Services	222	187	35	15,80	7
Real Estate Management Services	253	216	37	14,60	20

<b>Total</b>	<b>5 138</b>	<b>4 531</b>	<b>607</b>	<b>11,80</b>	<b>509</b>
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**Table 4.2.2 Employment and vacancies by salary band**

<b>Salary Band</b>	<b>Number of Posts</b>	<b>Number of Posts Filled</b>	<b>Number of Posts Vacant</b>	<b>Vacancy Rate</b>	<b>Number of Posts Filled Additional to the Establishment</b>
Lower Skilled (Levels 1-2)	407	231	176	43,20	0
Skilled (Levels 3-5)	1 953	1 860	93	4,80	0
Highly Skilled Production (Levels 6-8)t	1 243	1 106	137	11,00	0
Highly Skilled Supervision (Levels 9-12)	908	741	167	18,40	2
Senior Management (Levels 13-16)	119	85	34	28,60	0
Contract, Other	205	205	0	0,00	204
Contract (Levels 1-2)	4	4	0	0,00	4
Contract (Levels 3-5)	133	133	0	0,00	133
Contract (Levels 6-8)	26	26	0	0,00	26
Contract (Levels 9-12)	133	133	0	0,00	133
Contract (Levels 13-16)	7	7	0	0,00	7
<b>TOTAL</b>	<b>5 138</b>	<b>4 531</b>	<b>607</b>	<b>11,80</b>	<b>509</b>

"Other" in terms of the salary band refers to employees on HCI programmes for example Water Treatment that are not linked to a specific salary level (referring to salary levels 1 to 16 for the Public Service).

**Table 4.2.3 Employment and vacancies by critical occupations**

<b>Critical Occupations</b>	<b>Number of Posts</b>	<b>Number of Posts Filled</b>	<b>Number of Posts Vacant</b>	<b>Vacancy Rate</b>	<b>Number of Posts Filled Additional to the Establishment</b>
Architects Town And Traffic Planners	68	59	9	13,20	28
Civil Engineering Technicians	30	24	6	20,00	13
Engineers and Related Professionals	173	122	51	29,50	25

Quantity Surveyors & Related Professionals	11	11	0	0,00	0
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#### 4.3. Filling of Senior Management Service (SMS) Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

**Table 4.3.1 SMS post information as on 31 March 2023**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	2	1	50	1	50
Salary Level 15	7	4	57	3	43
Salary Level 14	32	25	78	7	22
Salary Level 13	85	62	73	23	27
<b>Total</b>	<b>126</b>	<b>92</b>	<b>73%</b>	<b>34</b>	<b>27</b>

**Table 4.3.2 SMS post information as on 30 September 2022**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	2	1	50	1	50
Salary Level 15	7	4	57	3	43
Salary Level 14	29	23	79	6	21
Salary Level 13	85	60	71	25	29
<b>Total</b>	<b>123</b>	<b>88</b>	<b>72</b>	<b>35</b>	<b>28</b>

**Table 4.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023**

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2021 and 31 March 2022**

Reasons for vacancies not advertised within six months


<b>Reasons for vacancies not filled within twelve months</b>
Delays in panel approvals

Notes: In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2021 and 31 March 2022**

<b>Reasons for vacancies not advertised within six months</b>
None

<b>Reasons for vacancies not filled within six months</b>
None

Notes

In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

#### 4.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table 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 4.4.1 Job Evaluation by salary band**

Salary Band	Number of Posts	Number of posts Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower Skilled (Levels 1-2)	407	0	0,00	0	0,00	0	0,00
Skilled (Levels 3-5)	1 953	122	6,20	0	0,00	80	4,00
Highly Skilled Production (Levels 6-8)	1 243	133	10,70	0	0,00	0	0,00
Highly Skilled Supervision (Levels 9-12)	908	51	5,60	0	0,00	11	1,21

Senior Management Service Band A	81	7	8,60	0	0,00	0	0,00
Senior Management Service Band B	31	3	9,70	0	0,00	0	0,00
Senior Management Service Band C	6	5	83,30	0	0,00	0	0,00
Senior Management Service Band D	1	1	100,00	0	0,00	0	0,00
Contract, Other	205	0	0,00	0	0,00	0	0,00
Contract (Levels 1-2)	4	0	0,00	0	0,00	0	0,00
Contract (Levels 3-5)	133	0	0,00	0	0,00	0	0,00
Contract (Levels 6-8)	26	0	0,00	0	0,00	0	0,00
Contract (Levels 9-12)	133	0	0,00	0	0,00	0	0,00
Contract Band A	4	0	0,00	0	0,00	0	0,00
Contract Band B	1	0	0,00	0	0,00	0	0,00
Contract Band C	1	1	100,00	0	0,00	0	0,00
Contract Band D	1	0	0,00	0	0,00	0	0,00
<b>TOTAL</b>	<b>5 138</b>	<b>323</b>	<b>6,30</b>	<b>0</b>	<b>0,00</b>	<b>91</b>	<b>5,30</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post 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 4.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded**

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**Table 4.4.3 Employees with salary levels higher than those determined by job evaluation by occupation**

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Assistant Director: Human Capital Investment	8	9	10	Compliance with section 34 of the Public Service Act
Administrative Clerk: Works Management	12	5	6	Alignment to the coordinated level
Administrative Clerk: Horticulture	2	5	6	Alignment to the coordinated level
Administrative Clerk: Help Desk and Complaints	5	5	6	Alignment to the coordinated level
Administrative Clerk: Real Estate Management Service	2	5	6	Alignment to the coordinated level
Administrative Clerk: Utilisation and Contract Administration	3	5	6	Alignment to the coordinated level
Administrative Clerk: User Demand Management	3	5	6	Alignment to the coordinated level
Administrative Clerk: Professional services	3	5	6	Alignment to the coordinated level
Administrative Clerk: Facilities Management	3	5	6	Alignment to the coordinated level
Senior Security Officer	1	5	6	Alignment to the coordinated level
<b>TOTAL</b>	<b>42</b>			

The following table summarizes the beneficiaries of the above in terms of race, gender, and disability.

**Table 4.4.4 Profile of employees who have salary levels higher than those determined by job evaluation**

Beneficiaries	African	Asian	Coloured	White	Total
Female	20	0	4	0	24
Male	11	0	7	0	18
<b>Total</b>	<b>31</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>42</b>
Employees with a Disability	0	0	0	0	0

#### 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 and critical occupations.

**Table 4.5.1 Annual turnover rates by salary band**

Salary Band	Employment at Beginning of Period (April 2022)	Appointments	Terminations	Turnover Rate %
Lower Skilled (Levels 1-2)	124	123	-	0,00
Skilled (Levels 3-5)	1 923	59	106	5,50
Highly Skilled Production (Levels 6-8)	1 091	73	59	5,40
Highly Skilled Supervision (Levels 9-12)	747	31	49	6,60
Senior Management Service Band A	54	2	-	0,00
Senior Management Service Band B	22	-	2	9,10
Senior Management Service Band C	3	-	-	0,00
Contract, Other	113	257	147	130,10
Contract (Levels 1-2)	3	4	3	100,00
Contract (Levels 3-5)	93	120	83	89,20
Contract (Levels 6-8)	30	17	20	66,70
Contract (Levels 9-12)	170	94	135	79,40
Contract Band A	5	4	4	80,00
Contract Band B	2	1	2	100,00
Contract Band C	1	1	1	100,00
Contract Band D	1	1	1	100,00
<b>TOTAL</b>	<b>4 382</b>	<b>787</b>	<b>612</b>	<b>14,00</b>

The appointment number also includes re-appointments as a result of contract extensions which will reflect on the PERSAL System as appointments. "Other" refers to contract appointments of HCI Programmes (e.g. Presidential Stimulus Programme) employees were not appointed against a specific salary level. Employees are paid a stipend.

**Table 4.5.2 Annual turnover rates by critical occupation**

Occupation	Employment at Beginning of Period (April 2022)	Appointments	Terminations	Turnover Rate %

Architects Town And Traffic Planners	64	21	27	42,20
Civil Engineering Technicians	29	4	9	31,00
Engineers and Related Professionals	135	35	49	36,30
Quantity Surveyors & Related Professionals	14	0	3	21,40

**Notes** The CORE classification, as prescribed by the DPSA, should be used for completion of this table. The table below identifies the major reasons why staff left the department.

**Table 4.5.3 Reasons why staff left the department**

Termination Type	Number	Percentage of Total Terminations	Percentage of Total Employment
Death	29	4,70	0,60
Resignation	158	25,80	3,50
Expiry of contract	329	53,80	7,30
Discharged due to ill health	6	1,00	0,10
Dismissal-misconduct,	2	0,30	0,00
Retirement	88	14,40	1,90
<b>TOTAL</b>	<b>612</b>	<b>100,00</b>	<b>13,50</b>

Resignations include employees that resigned from contract positions to assume duty in a permanent position as a result of a recruitment process.

**Table 4.5.4 Promotions by critical occupation**

Occupation	Employment at Beginning of Period (April 2022)	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	64	1	1,60	15	23,40
Civil Engineering Technicians	29	0	0,00	2	6,90
Engineers and Related Professionals	135	1	0,70	48	35,60
Quantity Surveyors & Related Professionals	14	0	0,00	4	28,60

Promotion in terms of Critical occupations includes in this table promotions to next salary level as well as progression to a higher notch.

**Table 4.5.5 Promotions by salary band**

Salary Band	Employment at Beginning of Period (April 2022)	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)	124	0	0,00	0	0,00
Skilled (Levels 3-5)	1 923	14	0,70	1 341	69,70
Highly Skilled Production (Levels 6-8)	1 091	29	2,70	551	50,50
Highly Skilled Supervision (Levels 9-12)	747	24	3,20	342	45,80
Senior Management (Levels 13-16)	79	1	1,30	9	11,40
Contract, Other	113	0	0,00	2	1,80
Contract (Levels 1-2)	3	0	0,00	0	0,00



Contract (Levels 3-5)	93	0	0,00	0	0,00
Contract (Levels 6-8)	30	0	0,00	1	3,30
Contract (Levels 9-12)	170	0	0,00	6	3,50
Contract (Levels 13-16)	9	0	0,00	1	11,10
<b>TOTAL</b>	<b>4 382</b>	<b>68</b>	<b>1,60</b>	<b>2 253</b>	<b>51,40</b>

#### 4.6. Employment Equity

Table 4.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2023

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Officials And Managers	44	4	2	7	25	0	4	2	88
Professionals	193	12	17	39	156	11	3	12	443
Technicians And Associate Professionals	261	13	5	10	300	19	1	45	654
Clerks	321	18	3	14	547	19	11	43	976
Service Shop And Market Sales Workers	125	4	1	1	144	3	0	0	278
Craft And Related Trade Workers	170	38	5	23	61	1	0	0	298
Plant And Machine Operators And Assemblers	43	2	1	0	6	3	0	0	55
Labourers And Related Workers	549	109	5	3	1 001	70	1	1	1 739
<b>Total</b>	<b>1 706</b>	<b>200</b>	<b>39</b>	<b>97</b>	<b>2 240</b>	<b>126</b>	<b>20</b>	<b>103</b>	<b>4 531</b>
Employees with disabilities	22	7	1	6	13	2	0	7	58

Table 4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2023

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	1	0	3
Senior Management	45	3	2	4	23	0	3	2	82
Professionally qualified and experienced specialists and mid-management	351	17	21	46	256	15	4	31	741
Skilled technical and academically qualified workers, junior management, supervisors, foremen	345	42	4	30	580	26	10	69	1 106
Semi-skilled and discretionary decision making	682	130	7	8	953	78	1	1	1 860
Unskilled and defined decision making	66	4	0	0	160	1	0	0	231

Contract, Unavailable	79	1	1	1	121	2	0	0	205
Contract (Top Management)	1	0	0	1	0	0	0	0	2
Contract (Senior Management)	0	1	0	2	2	0	0	0	5
Contract (Professionally qualified)	66	0	4	5	54	3	1	0	133
Contract (Skilled technical)	9	2	0	0	15	0	0	0	26
Contract (Semi-skilled)	60	0	- 0	0	72	1	0	0	133
Contract (Unskilled)	1	0	-0	0	3	0	0	0	4
<b>Total</b>	<b>1 706</b>	<b>200</b>	<b>39</b>	<b>97</b>	<b>2 240</b>	<b>126</b>	<b>20</b>	<b>103</b>	<b>4 531</b>

**Table 4.6.3 Recruitment**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	13	0	1	0	15	1	0	1	31
Skilled technical and academically qualified workers, junior management, supervisors, foremen	37	1	0	0	35	0	0	0	73
Semi-skilled and discretionary decision making	36	0	0	0	23	0	0	0	59
Unskilled and defined decision making	35	1	0	0	85	2	0	0	123
Not Available	106	0	2	1	146	2	0	0	257
Contract (Top Management)	1	0	0	1	0	0	0	0	2
Contract (Senior Management)	0	1	0	3	1	0	0	0	5
Contract (Professionally qualified)	45	2	5	3	36	1	2	0	94
Contract (Skilled technical)	5	0	0	0	12	0	0	0	17
Contract (Semi-skilled)	57	0	0	0	62	1	0	0	120
Contract (Unskilled)	1	0	0	0	3	0	0	0	4
<b>Total</b>	<b>338</b>	<b>5</b>	<b>8</b>	<b>8</b>	<b>418</b>	<b>7</b>	<b>2</b>	<b>1</b>	<b>787</b>
Employees with disabilities	2	0	0	0	0	0	0	0	2!

Occupational Band "Not Available" refers to employees appointed on contract for example Learners who do not have an occupational band to be linked to in the PERSAL System and the occupational band of "Other Occupations" were used.

**Table 4.6.4 Promotion** (Includes promotion to salary level and progressions to another notch within the Salary Level)

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	6	0	0	1	2	0	0	1	10
Professionally qualified and experienced specialists and mid-management	181	6	5	23	128	7	3	13	366
Skilled technical and academically qualified workers, junior management, supervisors, foremen	188	22	2	13	298	15	5	37	580
Semi-skilled and discretionary decision making	470	81	5	7	729	61	1	1	1 355
Contract, Not available	2	0	0	0	0	0	0	0	2
Contract (Top Management)	1	0	0	0	0	0	0	0	1
Contract (Professionally qualified)	2	0	0	0	3	0	1	0	6
Contract (Skilled technical)	1	0	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>851</b>	<b>109</b>	<b>12</b>	<b>44</b>	<b>1 160</b>	<b>83</b>	<b>10</b>	<b>52</b>	<b>2 321</b>
<b>Employees with disability</b>	11	1	0	1	10	2	0	5	30

**Table 4.6.5 Terminations**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	0	1	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	22	5	4	6	7	1	0	4	49
Skilled technical and academically qualified workers, junior management, supervisors, foremen	24	3	0	4	24	0	0	4	59
Semi-skilled and discretionary decision making	37	14	1	0	51	3	0	0	106
Contract, Not available	64	0	1	1	79	2	0	0	147
Contract (Top Management)	1	1	0	0	0	0	0	0	2

Contract (Senior Management)	2	0	0	2	2	0	0	0	6
Contract (Professionally qualified)	61	6	9	8	44	1	6	0	135
Contract (Skilled technical)	8	0	0	0	12	0	0	0	20
Contract (Semi-skilled)	33	2	0	0	47	1	0	0	83
Contract (Unskilled)	1	0	0	0	2	0	0	0	3
<b>TOTAL</b>	<b>253</b>	<b>31</b>	<b>15</b>	<b>22</b>	<b>269</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>612</b>
Employees with disabilities	2	0	0	0	0	0	0	1	3

**Table 4.6.6 Disciplinary action**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	3	0	0	1	1	0	0	0	5
Suspension From Work Without Pay	15	0	1	1	10	0	1	3	31
Combination of demotion and suspension	2	0	0	0	0	0	0	0	2
Final Written Warning	11	0	0	0	4	0	0	1	16
Written Warning	36	1	0	1	12	0	0	2	52
Verbal Warning	5	0	0	1	1	0	0	0	7
Cases Withdrawn/ Not Guilty	9	1	3	1	5	0	0	1	20
Cases Not Pursued, Retirement/Resignations /Transfers and Death	5	0	0	1	5	0	0	1	12
<b>TOTAL</b>	<b>86</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>38</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>145</b>

**Table 4.6.7 Skills development**

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	19	1	3	2	16	2	5	0	48
Professionals	99	4	5	9	63	2	1	12	195
Technicians and Associate Professionals	26	1	0	3	24	0	0	0	54
Clerks	154	3	0	0	313	10	3	8	491
Service and Sales Workers	8	1	0	0	7	0	0	0	16
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	
Craft and related Trades Workers	39	1	0	0	29	0	0	0	69
Plant and Machine Operators and Assemblers	18	0	0	1	4	0	0	0	23
Elementary Occupations	50	1	0	0	101	1	0	0	153

Employees with disabilities	1	0	0	0	2	0	0	0	3
<b>TOTAL</b>	<b>413</b>	<b>12</b>	<b>8</b>	<b>15</b>	<b>557</b>	<b>15</b>	<b>9</b>	<b>20</b>	<b>1 049</b>

#### 4.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

**Table 4.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	0	0
Salary Level 16	1	1	1	100
Salary Level 15	5	5	4	80
Salary Level 14	24	24	20	83
Salary Level 13	62	62	57	92
<b>Total</b>	<b>93</b>	<b>93</b>	<b>82</b>	<b>88</b>

#### Notes

In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2020.

**Table 4.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023**

Reasons
Not applicable due to the fact that the 2022/2023 performance management cycle has not been concluded yet

**Table 4.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2023**

Reasons
Not applicable due to the fact that the 2022/2023 performance management cycle has not been concluded yet

#### 4.8 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), salary bands and critical occupations.

**Table 4.8.1 Performance Rewards by race, gender and disability**

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	28	2 227	1,30	324,56	11 592
African, Male	20	1 684	1,20	372,15	18 607
Asian, Female	1	20	5,00	43,59	43 592
Asian, Male	2	38	5,30	147,54	73 768
Coloured, Female	0	124	0,00	0,00	0
Coloured, Male	1	193	0,50	5,59	5 595
<b>Total Blacks, Female</b>	29	2 371	1,20	368,16	12 695
<b>Total Blacks, Male</b>	23	1 915	1,20	525,28	22 838
White, Female	5	96	5,20	98,35	19 670
White, Male	4	91	4,40	116,59	29 147
Employees with a disability	1	58	1,70	43,37	43 375
<b>TOTAL</b>	<b>62</b>	<b>4 531</b>	<b>1,40</b>	<b>1 151,75</b>	<b>18 577</b>

**Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service**

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R')
Lower Skilled (Levels 1-2)	0	231	0,00	0,00	0
Skilled (Levels 3-5)	10	1 860	0,50	33,63	3 363
Highly skilled production (Levels 6-8)	24	1 106	2,20	131,02	5 459
Highly skilled supervision (Levels 9-12)	8	741	1,10	69,15	8 644
Other	0	205	0,00	0,00	0
Contract (Levels 1-2)	0	4	0,00	0,00	0
Contract (Levels 3-5)	0	133	0,00	0,00	0
Contract (Levels 6-8)	0	26	0,00	0,00	0
Contract (Levels 9-12)	0	133	0,00	0,00	0
<b>TOTAL</b>	<b>42</b>	<b>4 439</b>	<b>0,90</b>	<b>233,80</b>	<b>5 567</b>

**Table 4.8.3 Performance Rewards by critical occupation**

Critical Occupations	Number of Beneficiaries	Total Employment	% of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R')
Architects Town and Traffic Planners	0	59	0,00	0,00	0,00
Civil Engineering Technicians	0	24	0,00	0,00	0,00
Engineers and Related Professionals	0	122	0,00	0,00	0,00

Quantity Surveyors & Related Prof not class Elsewhere	0	11	0,00	0,00	0,00
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## Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

**Table 4.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service**

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R')	Personnel Cost SMS (R'000)
Band A	13	62	21,00	628,92	48 378,50	0,80
Band B	7	25	28,00	289,03	41 290,00	0,60
Band C	0	4	0,00	0,00	0,00	0,00
Band D	0	1	0,00	0,00	0,00	0,00
<b>TOTAL</b>	<b>20</b>	<b>92</b>	<b>21,70</b>	<b>917,95</b>	<b>45 897,50</b>	<b>0,70</b>

*This table reflect payment of performance bonuses of SMS during that were paid in 2022/2023 financial year for the cycles 2019/2020 and 2020/2021*

## 4.9. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

**Table 4.7.1 foreign workers by salary band**

Salary Band	1 April 2022		31 March 2023		Change	
	Number	%age of Total	Number	% of Total	Number	% Change
Highly skilled supervision (Levels 9-12)	22	100,00	22	100,00	0	0,00
<b>TOTAL</b>	<b>22</b>	<b>100,00</b>	<b>22</b>	<b>100,00</b>	<b>0</b>	<b>0,00</b>

21 Cuban Professionals employed as Technical Advisors.

**Table 4.9.2 foreign workers by major occupation**

Major Occupation	1 April 2022		31 March 2023		Change	
	Number	%age of Total	Number	% of Total	Number	% Change
Administrative office workers	1	4,54	1	4,54	0	0,00
Professionals and managers	21	95,45	21	95,45	0	0,00
<b>TOTAL</b>	<b>22</b>	<b>100,00</b>	<b>22</b>	<b>100,00</b>	<b>0</b>	<b>0,00</b>

## 4.10. Leave utilisation

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

**Table 4.10.1 Sick leave**

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)	Number of days with Medical Certification
Contract (Levels 3-5)	225	61,80	61	2,00	4	202,00	139
Contract (Levels 6-8)	71	54,90	18	0,60	4	103,00	39
Contract (Levels 9-12)	390	78,50	76	2,50	5	987,00	306
Contract (Levels 13-16)	18	72,20	4	0,10	5	77,00	13
Contract Other	197	65,50	70	2,30	3	77,00	129
Unskilled (Levels 1-2)	663	87,00	115	3,70	6	365,00	577
Skilled (Levels 3-5)	11 849	84,20	1 304	42,50	9	8 859,00	9 974
Highly skilled production (Levels 6-8)	7 660	80,30	852	27,80	9	12 194,00	6 154
Highly skilled supervision (Levels 9-12)	4 186	83,20	518	16,90	8	13 017,00	3 483
Senior management (Levels 13-16)	301	85,40	48	1,60	6	1 404,00	257
Other	36	100,00	1	0,00	36	78,00	36
<b>TOTAL</b>	<b>25 596</b>	<b>82,50</b>	<b>3 067</b>	<b>100,00</b>	<b>8</b>	<b>37 361,00</b>	<b>21 107</b>

**Table 4.10.2 Disability leave (temporary and permanent)**

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification
Contract (Levels 9-12)	146	100,00	1	2,40	146	419,00	146,00
Skilled (Levels 3-5)	465	100,00	13	31,00	36	336,00	465,00
Highly skilled production (Levels 6-8)	1 413	100,00	18	42,90	79	2312,00	1 413,00
Highly skilled supervision (Levels 9-12)	1 121	100,00	9	21,40	125	4649,00	1 121,00
Other	9	100,00	1	2,40	9	19,00	9,00
<b>Total</b>	<b>3 154</b>	<b>100,00</b>	<b>42</b>	<b>100,00</b>	<b>75</b>	<b>7 35,00</b>	<b>3 154,00</b>

The table below summarizes the utilization of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 4.10.3 Annual Leave**

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Contract (Levels 1-2)	9	5	2
Contract (Levels 3-5)	947	8	121
Contract (Levels 6-8)	335	10	35



Contract (Levels 9-12)	2 059	12	167
Contract (Levels 13-16)	62	9	7
Contract Other	2 011	8	268
Lower Skilled (Levels 1-2)	1 935	10	202
Skilled (Levels 3-5)	40 572	21	1 924
Highly skilled production (Levels 6-8)	27 563	24	1 149
Highly skilled supervision (Levels 9-12)	18 939	24	775
Senior management (Levels 13-16)	1 869	22	86
Other	15	15	1
<b>TOTAL</b>	<b>96 315</b>	<b>20</b>	<b>4 737</b>

**Table 4.10.4 Capped leave**

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employees who took Capped leave	Total number of capped leave available at end of period	Number of Employees as at End of Period
Contract (Level 1-2)	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Contract Other	0	0	0	0	0	0
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	93	5	51	18	16 829,57	330
Highly skilled production (Levels 6-8)	35	6	30	6	6 146,64	208
Highly skilled supervision (Levels 9-12)	11	4	39	3	5 133,78	131
Senior management (Levels 13-16)	1	1	26	1	488,45	19
Other	0	0	0	0	0	
<b>Total</b>	<b>140</b>	<b>5</b>	<b>42</b>	<b>28</b>	<b>28 598,44</b>	<b>688</b>

**Table 4.10.5 Leave pay-outs**

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
ANNUAL - DISCOUNTING WITH RESIGNATION (WORK DAYS)	5 613	204	27 515
ANNUAL - DISCOUNTING: CONTRACT EXPIRY (WORK DAYS)	362	22	16 455
ANNUAL - DISCOUNTING: UNUSED VACATION CREDITS (WORK DAYS)	1 103	38	29 026
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	3 465	95	36 474
CAPPED - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	3 991	56	71 268
<b>TOTAL</b>	<b>14 535</b>		

#### 4.11. HIV/AIDS & Health Promotion Programmes

**Table 4.11.1 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
Construction workers as they categorized as vulnerable population because of migration	HIV/AIDS strategy on the construction sector is in place

**Table 4.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
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.	Yes		Mr. R. Mahlatjie. Director: OD
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and wellbeing 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.	Yes		11 EHW Practitioners based at the regions and 3 Assistant Directors in Head Office
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		Pro - active programmes are conducted on regular basis, attendance has declined due to COVID 19 restrictions
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		The department has established HIV/AIDS, Wellness and Sports Committees in Head Office and 11 Regional Offices. Wellness Practitioners serve as coordinators.
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		HIV/AIDS policy, Health and Productivity and Wellness management policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Human Rights based approach to HIV Management; Advocacy and Stigma Mitigation Programmes are in place.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		The department in collaboration with GEMS conducts Quarterly on site HIV Counselling and Testing and Health Screenings.

8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		The DSOP submitted to DPSA on annually basis and the Systems Monitoring Tool developed by the DPSA are used as guidelines for monitoring and evaluation. Indicators include: Utilization rate of Health and Wellness Services; Sick leave Utilization; Number of employees living openly with HIV.
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#### 4.12. Labour Relations

**Table 4.10.1 Collective agreements**

Subject Matter	Date
None	

The following table summarizes the outcome of disciplinary hearings conducted within the department for the year under review.

**Table 4.12.2 Misconduct and disciplinary hearings finalized**

Outcomes of disciplinary hearings	Number	Percentage (%) of Total	Total
Dismissal	5	3,44	5
Suspension from work without payment	31	21,37	31
Combination of demotion and suspension	2	1,37	2
Final Written Warning	16	11,03	16
Written Warning	52	35,86	52
Verbal Warning	7	4,82	7
Cases Withdrawn/ Not Guilty/Cases not pursued due to Inconclusive Evidence	20	13,79	20
Retirement / Resignation, Transfer and Death	12	8,27	12
<b>TOTAL</b>	<b>145</b>	<b>100</b>	<b>145</b>

**Table 4.12.3 Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	Percentage (%) of Total	Total
Bribes or commit fraud, corruption and nepotism	5	3,44	5
Absent from work without reason or permission	10	6,89	10
Non-compliance with SCM/procurement procedures	46	31,72	46

Misuse, abuse or unauthorized use of state vehicle or property	11	7,58	11
Negligence / dereliction of duties	30	20,68	30
Failure to carry-out lawful instructions/insubordination	11	7,58	11
Conducted business with the state	1	0,68	1
Non-compliance with PMDS and recruitment policies	8	5,51	8
Unlawful leasing of state owned property	2	1,37	2
Gave false statements	1	0,68	1
Theft	1	0,68	1
Assault	2	1,37	2
Undertake remunerative work outside official duties without permission	3	2,07	3
Failure to declare or disclose all registrable interests to the employer	8	5,51	8
Facilitated irregular appointment of employees	2	1,37	2
Displayed disrespect< disgraceful and unacceptable behavior	3	2,07	3
Non-compliance with security procedures	1	0,68	1
<b>TOTAL</b>	<b>145</b>	<b>100</b>	<b>145</b>

**Table 4.12.4 Grievances logged**

Number of grievances addressed	Number	% of Total
Not resolved	4	11,5
Resolved	31	88,5
<b>TOTAL</b>	<b>35</b>	<b>100,00</b>

**Table 4.12.5 Disputes logged**

Number of disputes addressed	Number	% of total
Upheld	13	56.5
Dismissed	10 cases pending	43.4
<b>Total</b>	<b>23</b>	

**Table 4.12.6 Strike actions**

Employees who participated in strike Actions	Number of days lost	Total cost(R'000) of working days lost	Amount (R'000) recovered as a result of no work no pay
Total number of person working days lost	37	19 462,60	12 953,61
<b>TOTAL:</b>	<b>37</b>	<b>19 462,60</b>	<b>12 953,61</b>

**Table 4.12.7 Precautionary suspensions**

Precautionary Suspensions	
Number of Employees placed on precautionary suspension	Cost (R)
None	0
<b>Total</b>	<b>0</b>

#### 4.13 Skills development

This section highlights the efforts of the department with regard to skills development. Skills development in terms of Learnerships are included under Human Capital Investment (HCI) Programmes.

**Table 4.13.1: Training needs identified**

Occupational Categories	Gender	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	245	5	250
Legislators, senior officials and managers	Male	290	2	292
Professionals	Female	243	27	270
Professionals	Male	241	12	253
Technicians and associate professionals	Female	150	0	150
Technicians and associate professionals	Male	160	0	160
Clerks	Female	230	0	230
Clerks	Male	294	0	294
Service and sales workers	Female	240	0	240
Service and sales workers	Male	249	0	249
Skilled agriculture and fishery workers	Female	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0
Craft and related trades workers	Female	320	0	320
Craft and related trades workers	Male	250	0	250
Plant and machine operators and assemblers	Female	0	0	0
Plant and machine operators and assemblers	Male	0	0	0
Elementary occupations	Female	300	0	300
Elementary occupations	Male	190	0	190
<b>Gender sub totals</b>	<b>Female</b>	<b>1 728</b>	<b>32</b>	<b>1 760</b>
<b>Gender sub totals</b>	<b>Male</b>	<b>1 674</b>	<b>14</b>	<b>1 688</b>

<b>TOTAL</b>		<b>3 402</b>	<b>46</b>	<b>3 448</b>
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**Table 4.13.2 Training provided for the period**

<b>Occupational Categories</b>	<b>Gender</b>	<b>Skills Programmes &amp; other short courses</b>	<b>Other forms of training</b>	<b>Total</b>
Legislators, senior officials and managers	Female	21	2	23
Legislators, senior officials and managers	Male	22	3	25
Professionals	Female	73	5	78
Professionals	Male	115	2	117
Technicians and associate professionals	Female	20	4	24
Technicians and associate professionals	Male	30	0	30
Clerks	Female	328	6	334
Clerks	Male	154	3	157
Service and sales workers	Female	9	0	9
Service and sales workers	Male	7	0	7
Skilled agriculture and fishery workers	Female	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0
Craft and related trades workers	Female	29	0	29
Craft and related trades workers	Male	40	0	40
Plant and machine operators and assemblers	Female	4	0	4
Plant and machine operators and assemblers	Male	19	0	19
Elementary occupations	Female	102	0	102
Elementary occupations	Male	51	0	51
Gender sub totals	<b>Female</b>	<b>586</b>	<b>17</b>	<b>603</b>
Gender sub totals	<b>Male</b>	<b>438</b>	<b>8</b>	<b>446</b>
<b>TOTAL</b>		<b>1 024</b>	<b>25</b>	<b>1 049</b>

#### **4.14. Injury on duty**

The following tables provide basic information on injury on duty.

**Table 4.14.1 Injury on duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	18	72,00
Temporary Total Disablement	6	24,00
Permanent Disablement	1	4,00
Fatal	0	0,00
<b>Total</b>	<b>25</b>	

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## CHAPTER 5

### PFMA COMPLIANCE REPORT

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#### Part A: Main Vote

#### 1. Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material Losses

##### Irregular expenditure

##### Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	116 787	196 124
Prior Period Error		(83 120)
As Restated	116 787	113 004
Add: Irregular expenditure confirmed	3 939	3 784
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>120 726</b>	<b>116 787</b>

*The opening balance of 2021/22 financial year was restated with a reduction of R83 million for transactions that were not correctly classified as irregular expenditure.*

## Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22		25
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	3 939	3 759
<b>Total</b>	<b>3 939</b>	<b>3 784</b>

During the year ended March 2023, an amount of R25 thousand was identified as irregular expenditure incurred in 2021/22 but was identified in the 2022/23 financial year.

## Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description <sup>2</sup>	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	3 939	-
Irregular expenditure under determination	10 721	10 721
Irregular expenditure under investigation	-	-
<b>Total <sup>3</sup></b>	<b>14 660</b>	<b>10 721</b>

During the current financial year, an amount of R4 million was reclassified from unauthorised expenditure to potential irregular expenditure. This amounts were incurred during 2011/12.

## Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	-	-
<b>Total</b>		

N/A

## Details of current and previous year irregular expenditure removed - (not condoned)

<sup>2</sup> Group similar items

<sup>3</sup> Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)



Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
<b>Total</b>		

N/A

#### Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
<b>Total</b>		

N/A

#### Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
Irregular expenditure written off	-	-
<b>Total</b>		

N/A

#### ***Additional disclosure relating to Inter-Institutional Arrangements***

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None
<b>Total</b>

N/A

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/2023	2021/2022
	R'000	R'000
None	-	-
<b>Total</b>	-	-

N/A

Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken	2022/2023	2021/2022
	R'000	R'000
<b>Irregular expenditure Salaries</b>	3 939	3 694
<b>Irregular expenditure other non-compliances</b>	37	11 570
<b>Total</b>	3 976	15 264

#### Disciplinary steps taken

The amount is R3,939 million and R3.694 for 2022/23 and 2021/22 respectively, relates to the irregularly appointed officials as per the PSC report and responsible officials were referred to Labour Relations and the processes are ongoing. Included in the R15,2 million for 2021/22 is R11,5 million for transactions where no sanction was issued against the implicated official/s. i.e., the official's contract ended/resigned.

#### Fruitless and wasteful expenditure

## Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	55 514	55 514
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	(118)	-
Less: Fruitless and wasteful expenditure recoverable	-	-
<b>Closing balance</b>	<b>55 396</b>	<b>55 514</b>

N/A

## Reconciling notes

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description <sup>4</sup>	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	56 137
Fruitless and wasteful expenditure under determination	55 396	-
Fruitless and wasteful expenditure under investigation		
<b>Total<sup>5</sup></b>	<b>55 396</b>	<b>56 137</b>

Included in the opening balance of R56 million is R1.5 million that relates to disputes, assessments were concluded and found not to meet the definition of fruitless and wasteful expenditure. The balance of R54.5 million relates to an amount due to DPW for which DBE is disputing services rendered, an investigation has been conducted. The remaining amount of R855 thousand in the current year is been dealt with by Legal Services to determine any civil recovery.

<sup>4</sup> Group similar items

<sup>5</sup> Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

#### Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
<b>Total</b>	-	-

N/A

#### Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	118	-
<b>Total</b>	<b>118</b>	-

*Majority of the fruitless and wasteful expenditure was written off, the determination test revealed that the cause of financial loss was due to system error and irrecoverable debts from client department, where applicable consequence management was implemented.*

#### Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
No steps taken for year under review.

#### Unauthorised expenditure

##### Reconciliation of unauthorised expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	255 079	255 079
Add: unauthorised expenditure confirmed	-	-
Less: unauthorised expenditure approved with funding	-	-
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable	-	-

Less: unauthorised not recovered and written off <sup>6</sup>	-	-
<b>Closing balance</b>	<b>255 079</b>	<b>255 079</b>

*No unauthorised expenditure was incurred during the financial year. The 2021/2022 opening balance was restated by an amount of R6 million that was assessed and found not to meet the definition of unauthorised expenditure. The expenditure relates to 2007/08 to 2011/12 financial years.*

## Late and/or Non-Payment of Suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	16 693	5 196 279
Invoices paid <b>within</b> 30 days or agreed period	16 441	5 188 592
Invoices paid <b>after</b> 30 days or agreed period	252	7 687
Invoices older than 30 days or agreed period ( <i>unpaid and without dispute</i> )	-	-
Invoices older than 30 days or agreed period ( <i>unpaid and in dispute</i> )	-	-

### **Reasons for the late payment of invoices:**

- Non-compliance by the units, and where negligence were suspected matters were referred to the Labour Relations for investigations and consequence management where necessary.
- System challenges at some regions.
- Changes in Service Providers banking details.

## Part B: PMTE

## Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material Losses

### Irregular expenditure

#### Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	1 816 149	1 654 726
Prior Period Errors	-	(3 863)
As Restated	1 816 149	1 650 863
Add: Irregular expenditure confirmed	161 637	165 286

Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and not recoverable	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>1 977 786</b>	<b>1 816 149</b>

*Included in the amount of R162 million is R29 million which has been referred to Labour Relations to institute disciplinary proceedings against officials guilty of misconduct. Whilst the remaining balance of R133 million is still under determination. Ongoing determination tests and investigations are conducted in line with National Treasury's PFMA Compliance Framework. The comparable closing balance of R1.8 billion was restated with additions of irregular expenditure amounting to R83 million, and reduced by R149 million and R184 thousand relating to transactions that were incorrectly recognised as irregular expenditure and transactions that were not recoverable not condoned respectively.*

### Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	67 208
Irregular expenditure for the current year	161 637	98 078
<b>Total</b>	<b>161 637</b>	<b>165 286</b>

Included in R162 million is irregular expenditure of R65 million incurred in 2021/22 but was identified in the 2022/23 financial year.

### Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description <sup>7</sup>	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	86 163	67 208
Irregular expenditure under determination	1 107 790	905 230
Irregular expenditure under investigation	541 186	541 150
<b>Total <sup>8</sup></b>	<b>1 735 139</b>	<b>1 513 588</b>

N/A

### Details of current and previous year irregular expenditure condoned

	2022/2023	2021/2022
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<sup>7</sup> Group similar items

<sup>8</sup> Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

	R'000	R'000
Irregular expenditure condoned	-	-
<b>Total</b>	-	-

**Details of current and previous year irregular expenditure removed - (not condoned)**

	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
<b>Total</b>	-	-

**Details of current and previous year irregular expenditure recovered**

	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
<b>Total</b>	-	-

**Details of current and previous year irregular expenditure not recoverable and written off**

	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	-	-
<b>Total</b>		

**Additional disclosure relating to Inter-Institutional Arrangements**

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None
<b>Total</b>

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

	2022/2023	2021/2022
	R'000	R'000
None	-	-
<b>Total</b>	-	-

#### Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure	27 332	9 703
<b>Total</b>	<b>27 332</b>	<b>9 703</b>

#### Disciplinary steps taken

> In 2021/2022 financial year, one employee passed away before finalisation of the hearing, furthermore employees were suspended without pay and final written warnings were issued.  
 > In 2022/23, Officials were suspended without pay, dismissed and also written warnings were issued.

#### Fruitless and wasteful expenditure

##### Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	137 349	136 943
Add: Fruitless and wasteful expenditure confirmed	4	406
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
<b>Closing balance</b>	<b>137 353</b>	<b>137 349</b>

N/A

#### Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22		24
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	382
Fruitless and wasteful expenditure for the current year	4	-
<b>Total</b>	<b>4</b>	<b>406</b>

Majority of the transactions identified in the current financial year relates to FWE identified from Internal Investigation performed by GRC. This expenditure was incurred in 2021/22 financial year, however identified in 2022/23 financial year.



**Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)**

Description <sup>9</sup>	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	68 453	24
Fruitless and wasteful expenditure under determination	-	86 814
Fruitless and wasteful expenditure under investigation		-
<b>Total<sup>10</sup></b>	<b>68 453</b>	<b>86 838</b>

Majority of R68.4 million under assessment in the 2022/2023 financial year relates to extension of time with cost, these matters are currently under assessment.

**Details of current and previous year fruitless and wasteful expenditure recovered**

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

N/A

**Details of current and previous year fruitless and wasteful expenditure not recovered and written off**

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

N/A

**Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure**

Disciplinary steps taken	2022/2023	2021/2022
	R'000	R'000
<b>Fruitless and wasteful expenditure</b>	<b>378</b>	<b>711</b>
<b>Total</b>	<b>378</b>	<b>711</b>

<sup>9</sup> Group similar items

<sup>10</sup> Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

#### Disciplinary steps taken

One official was suspended for two months without pay and final written warning  
One official was suspended for a month without pay and final written warning  
Three officials received final written warning  
One official was dismissed

#### Late and/or Non-Payment of Suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	153 384	12 548 195
Invoices paid <b>within</b> 30 days or agreed period	148 242	11 985 483
Invoices paid <b>after</b> 30 days or agreed period	5 085	523 311
Invoices older than 30 days or agreed period ( <i>unpaid and without dispute</i> )	57	39 401
Invoices older than 30 days or agreed period ( <i>unpaid and in dispute</i> )	-	-

#### ***Reasons for the delayed payment of invoices include but limited to the following:***

- Client Department not confirming funds timeously;
- Failure by suppliers to update CSD information timeously;
- Changes in service Providers banking details
- Delays in updating banking details;
- Delayed verification and certification by line managers;
- Emergency services rendered without an order;
- Delayed approval of budget for day to day (unscheduled maintenance)
- System downtime, network and other challenges at regions.
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## **CHAPTER 6**

### **FINANCIAL INFORMATION**

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## **Report of the auditor-general to Parliament on vote no. 13: Department of Public Works and Infrastructure**

### **Report on the audit of the financial statements**

#### **Opinion**

1. I have audited the financial statements of the Department of Public Works and Infrastructure set out on pages 187 to 232, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Public Works and Infrastructure as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury (NT) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 05 of 2022 (Dora).

#### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matter**

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

#### ***Impairment of receivables***

7. As disclosed in note 10.5 of the annual financial statements, impairment of receivables amounting to R77 174 000 is disclosed as a result of long outstanding debts which have not been recovered.

#### **Other matters**

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

#### ***Unaudited supplementary schedules***

9. The supplementary information set out on pages 233 to 279 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

#### **National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework**

10. On 23 December 2022 National Treasury issued *Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23* in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 24 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Department of Public Works and Infrastructure. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the auditee. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

#### **Responsibilities of the accounting officer for the financial statements**

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

#### **Responsibilities of the auditor-general for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

#### **Report on the audit of the annual performance report**

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

<b>Programme</b>	<b>Page numbers</b>	<b>Purpose</b>
<b>Expanded Public Works Programme</b>	48	Coordinate the implementation of expanded public works programme which aims to create work opportunities and provide training for the unskilled, marginalised and unemployed people in South Africa.
<b>Construction Project Management</b>	57-63	To provide effective and efficient delivery of accommodation needs for DPWI and user Departments through construction.
<b>Real Estate Management Services</b>	64-67	To timeously provide and manage suitable accommodation in support of user needs to meet the service delivery objectives.
<b>Real Estate Information Registry Services</b>	68-69	To develop and maintain the Immovable Asset Register (IAR) which support DPWI/ PMTE business requirements and to provide oversight, regulation and monitoring of the IAR for the State.
<b>Facilities Management</b>	70-71	To ensure that immovable asset used by government department and the public are optimally utilised and maintained in a safe, secure, healthy and economic environment while contributing to job creation, skills development and poverty alleviation.

17. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

20. The material findings on the performance information of the selected programmes are as follows:

#### ***Expanded Public Works Programme***

Number of progress reports produced that reflect the work opportunities reported by public bodies on the EPWP-RS

21. Adequate processes had not been established to consistently measure and reliably report on this indicator. Consequently, I could not confirm the reliability of the reported achievement of 4 against the target of 4.

#### ***Construction Project Management***

Number of design solutions completed for identified user departments

22. An achievement of 87 design solutions completed was reported against a target of 85 design solutions completed. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

#### ***Real Estate Management Services***

Savings realized on identified private leases

23. An achievement of R165 million was reported against a target of R100 million. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, the target was not achieved.

Percentage increase in revenue generation through letting of State-owned properties (excluding harbour properties).

24. An achievement of 80% was reported against a target of 8%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

#### ***Other matters***

25. I draw attention to the matters below.

### ***Achievement of planned targets***

26. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. This information should be considered in the context of the material findings on the reported performance information.
27. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
<b>Programme 8 - Construction Project Management</b> Targets achieved: 20% Budget spent: The programme is implemented by PMTE. The budget was allocated as a tranche to the entity not at programme level.		
Indicator 8.2 - No. of projects completed within agreed construction period	75	35
Indicator 8.3 - No. of projects completed within approved budget	125	95
Indicator 8.4 - No. of infrastructure sites handed over for construction	90	65
Indicator 8.5 - No. of infrastructure projects completed	125	95

28. Reasons for the underachievement of targets are included in the annual performance report on pages 57 to 63.

### ***Material misstatements***

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Expanded Public Works Programme, Construction Project Management and Real Estate Management Services. Management did not correct all of the misstatements and I reported material findings in this regard.

### **Report on compliance with legislation**

30. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
31. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.



32. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
33. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

***Consequence management***

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

***Strategic planning and performance management***

35. Quarterly reports were not submitted to the executive authority, as required by treasury regulation 5.3.1.

***Other information in the annual report***

36. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
37. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. The other information I obtained prior to the date of this auditor's report are accounting officer's report, human resource management and the disclosure of irregular, fruitless and wasteful expenditure and the Minister's foreword, Deputy Minister's statement and governance are expected to be made available to us after 31 July 2023.
40. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
41. I have nothing to report in this regard.
42. When I do receive and read the Minister's foreword, Deputy Minister's statement and governance, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this

auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### **Internal control deficiencies**

43. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material finding on compliance with legislation included in this report.
45. Regular, accurate and complete performance reports that are supported and evidenced by reliable information were not prepared.
46. Compliance with laws and regulations was not always monitored as the quarterly reports were not submitted to executive authority.

#### **Material irregularities**

47. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

#### ***Material irregularities in progress***

48. I identified another material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in next year's auditor's report.

#### ***Status of previously reported material irregularities***

#### **Price and quantity variances pertaining to the funeral related expenditure**

49. The prices that were charged on invoices for some of the state funerals that occurred between May 2018 and December 2018 were different from the prices that were quoted on the price schedule that was submitted by the supplier during the tender process. In other instances the invoices that was submitted by the supplier for payment purposes, included items that were not initially quoted on in the pricing schedule, which was submitted by the supplier during the tender process. In addition, the quantities on the invoices in some instances differed from the quantities agreed to on the quotation, with no evidence of the additional items being requested by the department. This resulted in a financial loss of R9 121 374. Non-compliance was identified with Treasury Regulation 8.1.1, as the internal procedures and internal control measures did not identify or prevent the irregular payments mentioned above.
50. The Accounting Officer was notified of the MI on 02 September 2020 and invited to make a written submission on the actions taken and that will be taken to address the matter. The appropriate actions committed in response to the notification provided on 7 May 2021 are being implemented based on the evidence of progress made per the communication received from the accounting officer dated 10 June 2022.

51. Management conducted its own investigation into the matter to establish the accuracy of the issues raised by the AGSA. The investigation was finalised on 29 March 2019, confirmed the AGSA's findings, and further identified additional irregularities with respect to each funeral.
52. The Department further opened a case with the SA Police Services for civil recovery against the supplier as recommended by the investigation report. The case number is CAS793/2020 opened at Pretoria Central Police Station. Furthermore, the investigation report recommended disciplinary actions against the responsible officials. The matter was further referred to the Special Investigating Unit (SIU) on 18 September 2020. SIU then decided to conduct their own investigation on the matter and indicated that they will be pursuing a civil claim against the supplier. However, the SIU has not availed their report to the Department.
53. The Department approached the State Attorney to appoint legal counsel to assist the Department with disciplinary proceedings against the three officials still in the employ of the department. The disciplinary proceedings are currently under way for the suspended Director-General and is being handled by The Presidency. The hearings for the other two officials implicated in the irregularity is being handled by the State Attorney. As at the date of this report, the disciplinary hearing had not been concluded against the officials.
54. A combined summons have been filed at the Gauteng high court (Pretoria) for case number 20987/22, in a matter between Minister of Public Works and Infrastructure (Plaintiff) and the supplier on 01 April 2022. The summons is in relation to payments made by DPWI in excess of the agreed pricing schedule provided by the plaintiff during the tendering process stage by the supplier. This covers the two funerals in which the supplier was used to render services for the Mama Veronica Sobukwe funeral (R371 186) and the M Mtslali funeral (R124 315). The bulk amount of the outstanding financial loss to be recovered is being followed up by the SIU.
55. The accounting officer wrote to Treasury on 27 January 2022 requesting the supplier and its director to be restricted from doing business with the state due to fraudulent misrepresentation when submitting invoices for payment in respect of state funeral services. The application was referred back by NT on 31 Mar 2022 on the basis of the restriction being on PPR of 2017. The department is currently implementing the recommendations made in the response by NT.
56. The Accounting Officer approved the contract management policy on 11 April 2022, which sets out guidelines on contracts to enable effective delivery of goods, services and works in accordance with the terms and conditions of the contract.
57. The follow up was done on 12 April 2023 and it was responded that:
  - Charges were added to the disciplinary underway against officials but by mutual agreement with DPWI, the State Attorney terminated the brief of the initial advocate as he was appointed acting judge.
  - The new initiator appointed by State Attorney reviewed the file and recommended that progressive discipline over formal disciplinary actions for reasons including:
    - Lapse of time between the finalising of the report and charging of employees,
    - Lapse of time between the period of serving the charges on employees and the delay in issuing notices of hearings.

58. Update with regards to the investigation against the service provider:

- The SIU finalised their investigation and a criminal case was opened against the supplier for misrepresentation at SAPS Sunnyside. This was transferred to Pretoria Central.
- The Department issued summons against the service provider for recovery of the amount on 11 April 2022 in the North Gauteng High Court, Pretoria. The review application between SIU and the supplier was scheduled for the Special Tribunal in April 2023. The SIU Special Tribunal judgement of the 18 April 2023 ordered the supplier to pay R10 743 427,34 plus interest and costs to DPWI within 30 days.
- In addition, through an extension of earlier proclamation, the supplier is now being investigated further by the SIU.

59. The accounting officer has taken the appropriate actions to address the MI.

Pretoria

31 July 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### **Auditor-general's responsibility for the audit**

#### ***Professional judgement and professional scepticism***

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

#### ***Financial statements***

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

***Communication with those charged with governance***

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 1; 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i) ; 43(4); 44; 44 (1) and (2) ; 45(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 ; 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c'); 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) ,(b) & (e) ; 16A 6.3(a);16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c);16A6.3(d) ; 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1(b)(ii);16A9.1 (c); 16A 9.1(d); 16A; 9.1(e); 16A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f); 17.1.1; 18.2; 19.8.4; 16A 3.2 (fairness); 16A 3.2(a)
Division of Revenue Act No. 5 of 2022	Section 16(1)
Public service regulation	Public service regulation 13(c); 18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29; 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulation 2017 (PPR)	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
Preferential Procurement Regulations 2022	Regulation 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
State Information Technology Agency Act (SITA Act)	Section 7(3); 7(6)(b); 20(1)(a)(I)
State Information Technology Agency regulations (SITA reg.)	Regulation 8.1.1 (b); 8.1.4; 8.1.7; 9.6; 9.4; 12.3; 13.1 (a); 14.1; 14.2

Legislation	Sections or regulations
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c ); 3.3 (e ); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4(c) -(d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2; 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2 and 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)





**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
VOTE 13**

**ANNUAL FINANCIAL STATEMENTS  
for the period ended 31 March 2023**

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**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

Appropriation per programme									
2022/23								2021/22	
	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
<b>Programme</b>									
1. Administration	555 009	-	-	555 009	501 103	53 906	90.3%	504 598	416 494
2. Intergovernmental Coordination	62 205	-	(2 700)	59 505	47 776	11 729	80.3%	58 541	44 202
3. Expanded Public Works Programme	3 035 948	-	(12 551)	3 023 397	2 982 840	40 557	98.7%	2 921 000	2 811 509
4. Property and Construction Industry Policy and Research	4 427 739	-	19 420	4 447 159	4 329 002	118 157	97.3%	4 780 965	4 757 194
5. Prestige Policy	71 828	-	(4 169)	67 659	49 447	18 212	73.1%	89 106	52 796
<b>Total</b>	<b>8 152 729</b>	<b>-</b>	<b>-</b>	<b>8 152 729</b>	<b>7 910 167</b>	<b>242 562</b>	<b>97.0%</b>	<b>8 354 210</b>	<b>8 082 195</b>
Departmental receipts				33 315				15 468	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>8 186 044</b>				<b>8 369 678</b>	
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>7 910 167</b>				<b>8 082 195</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

Appropriation per economic classification									
2022/23								2021/22	
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>1 093 897</b>	<b>(1 601)</b>	<b>(16 008)</b>	<b>1 076 288</b>	<b>942 713</b>	<b>133 575</b>	87.6%	<b>971 842</b>	<b>776 951</b>
Compensation of employees	597 158	-	(228)	596 930	514 155	82 775	86.1%	578 887	497 360
Goods and services	496 739	(1 601)	(15 780)	479 358	428 558	50 800	89.4%	392 955	279 591
<b>Transfers and subsidies</b>	<b>7 038 737</b>	<b>-</b>	<b>17 008</b>	<b>7 055 745</b>	<b>6 955 732</b>	<b>100 013</b>	<b>98.6%</b>	<b>7 364 911</b>	<b>7 299 156</b>
Provinces and municipalities	1 636 351	-	-	1 636 351	1 636 342	9	100%	1 595 629	1 594 154
Departmental agencies and accounts	4 170 920	-	(83 220)	4 087 700	4 087 700	-	100%	4 526 375	4 526 375
Foreign governments and international organisations	28 432	-	-	28 432	28 432	-	100%	28 265	28 265
Public corporations and private enterprises	160 675	-	100 000	260 675	160 675	100 000	61.6%	180 972	180 972
Non-profit institutions	1 032 693	-	-	1 032 693	1 032 693	-	100%	1 020 414	956 134
Households	9 666	-	228	9 894	9 890	4	100%	13 256	13 256
<b>Payments for capital assets</b>	<b>20 095</b>	<b>-</b>	<b>(1 000)</b>	<b>19 095</b>	<b>10 121</b>	<b>8 974</b>	<b>53.0%</b>	<b>17 322</b>	<b>5 953</b>
Machinery and equipment	20 095	-	(1 000)	19 095	10 121	8 974	53.0%	17 322	5 953
<b>Payments for financial assets</b>	<b>-</b>	<b>1 601</b>	<b>-</b>	<b>1 601</b>	<b>1 601</b>	<b>-</b>	<b>100.0%</b>	<b>135</b>	<b>135</b>
<b>Total</b>	<b>8 152 729</b>	<b>-</b>	<b>-</b>	<b>8 152 729</b>	<b>7 910 167</b>	<b>242 562</b>	<b>97.0%</b>	<b>8 354 210</b>	<b>8 082 195</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

<b>Programme 1: Administration</b>									
<b>2022/23</b>								<b>2021/22</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Ministry	40 122	2 755	-	42 877	40 502	2 375	94.5%	37 996	30 864
2. Management	114 782	1 532	-	116 314	96 541	19 773	83.0%	111 322	95 092
3. Corporate Services	257 372	1 132	-	258 504	236 205	22 299	91.4%	256 681	215 948
4. Finance and Supply Chain Management	53 412	-	-	53 412	44 671	8 742	83.6%	50 900	43 130
5. Office Accommodation	89 321	(5 419)	-	83 902	83 183	719	99.1%	47 700	31 461
<b>Total for sub programmes</b>	<b>555 009</b>	<b>-</b>	<b>-</b>	<b>555 009</b>	<b>501 102</b>	<b>53 907</b>	<b>90.3%</b>	<b>504 598</b>	<b>416 494</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>542 268</b>	<b>(1 280)</b>	<b>(228)</b>	<b>540 760</b>	<b>488 113</b>	<b>52 647</b>	<b>90.3%</b>	<b>493 302</b>	<b>409 468</b>
Compensation of employees	298 157	-	(228)	297 929	262 448	35 481	88.1%	289 845	257 617
Goods and services	244 111	(1 280)	-	242 831	225 665	17 166	92.9%	203 457	151 851
<b>Transfers and subsidies</b>	<b>2 791</b>	<b>-</b>	<b>228</b>	<b>3 019</b>	<b>3 014</b>	<b>5</b>	<b>99.8%</b>	<b>3 579</b>	<b>3 574</b>
Provinces and municipalities	6	-	-	6	1	5	16.7%	6	1
Households	2 785	-	228	3 013	3 013	-	100.0%	3 573	3 573
<b>Payments for capital assets</b>	<b>9 950</b>	<b>-</b>	<b>-</b>	<b>9 950</b>	<b>8 695</b>	<b>1 255</b>	<b>87.4%</b>	<b>7 631</b>	<b>3 366</b>
Machinery and equipment	9 950	-	-	9 950	8 695	1 255	87.4%	7 631	3 366
<b>Payments for financial assets</b>	<b>-</b>	<b>1 280</b>	<b>-</b>	<b>1 280</b>	<b>1 280</b>	<b>-</b>	<b>100.0%</b>	<b>86</b>	<b>86</b>
	<b>555 009</b>	<b>-</b>	<b>-</b>	<b>555 009</b>	<b>501 102</b>	<b>53 907</b>	<b>90.3%</b>	<b>504 598</b>	<b>416 494</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

<b>Programme 2: Intergovernmental Coordination</b>									
<b>2022/23</b>								<b>2021/22</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Monitoring, Evaluation and Reporting	5 854	-	-	5 854	4 122	1 732	70.4%	6 083	3 676
2. Intergovernmental Relations and Coordination	25 677	206	(1 600)	24 283	19 743	4 540	81.3%	23 731	19 659
3. Professional Services	30 674	(206)	(1 100)	29 368	23 911	5 458	81.4%	28 727	20 866
<b>Total for sub programmes</b>	<b>62 205</b>	<b>-</b>	<b>(2 700)</b>	<b>59 505</b>	<b>47 776</b>	<b>11 729</b>	<b>80.3%</b>	<b>58 541</b>	<b>44 202</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>55 397</b>	<b>(131)</b>	<b>(2 686)</b>	<b>52 580</b>	<b>41 186</b>	<b>11 394</b>	<b>78.3%</b>	<b>49 646</b>	<b>37 278</b>
Compensation of employees	43 263	-	-	43 263	32 596	10 667	75.3%	39 309	31 953
Goods and services	12 134	(131)	(2 686)	9 317	8 590	727	92.2%	10 337	5 325
		-	-						
<b>Transfers and subsidies</b>	<b>6 428</b>	<b>-</b>	<b>(14)</b>	<b>6 414</b>	<b>6 414</b>	<b>-</b>	<b>100%</b>	<b>6 831</b>	<b>6 831</b>
Households	6 428	-	(14)	6 414	6 414	-	100%	6 831	6 831
<b>Payments for capital assets</b>	<b>380</b>	<b>-</b>	<b>-</b>	<b>380</b>	<b>45</b>	<b>335</b>	<b>11.8%</b>	<b>2 060</b>	<b>89</b>
Machinery and equipment	380	-	-	380	45	335	11.8%	2 060	89
<b>Payments for financial assets</b>	<b>-</b>	<b>131</b>	<b>-</b>	<b>131</b>	<b>131</b>	<b>-</b>	<b>100%</b>	<b>4</b>	<b>4</b>
<b>Total</b>	<b>62 205</b>	<b>-</b>	<b>(2 700)</b>	<b>59 505</b>	<b>47 776</b>	<b>11 729</b>	<b>80.3%</b>	<b>58 541</b>	<b>44 202</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

Programme 3: Expanded Public Works Programme									
2022/23								2021/22	
	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
<b>Sub programme</b>									
1. EPW Programme: Monitoring and Evaluation	56 464	-	(987)	55 477	44 064	11 413	79.4%	47 162	40 517
2. EPW Programme: Infrastructure	1 306 098	(1 147)	(8 079)	1 296 872	1 279 003	17 869	98.6%	1 271 815	1 253 711
3. EPW Programme: Operations	1 581 760	-	(3 077)	1 578 683	1 576 407	2 277	99.9%	1 517 952	1 444 382
4. EPW Programme: Partnership Support	83 322	1 147	47	84 516	76 888	7 628	91.0%	75 417	66 181
5. EPW Programme: Public Employment Coordinating Commission	8 304	-	(455)	7 849	6 479	1 370	82.5%	8 655	6 718
<b>Total for sub programmes</b>	<b>3 035 948</b>	<b>-</b>	<b>(12 551)</b>	<b>3 023 397</b>	<b>2 982 840</b>	<b>40 557</b>	<b>98.7%</b>	<b>2 921 000</b>	<b>2 811 509</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>365 814</b>	<b>(190)</b>	<b>(12 817)</b>	<b>352 807</b>	<b>312 758</b>	<b>40 049</b>	<b>88.6%</b>	<b>303 578</b>	<b>260 324</b>
Compensation of employees	188 392	-	-	188 392	172 627	15 765	91.6%	186 173	164 111
Goods and services	177 422	(190)	(12 817)	164 415	140 131	24 284	85.2%	117 405	96 213
<b>Transfers and subsidies</b>	<b>2 669 207</b>	<b>-</b>	<b>266</b>	<b>2 669 473</b>	<b>2 669 473</b>	<b>-</b>	<b>100.0%</b>	<b>2 616 177</b>	<b>2 550 427</b>
Provinces and municipalities	1 636 341	-	-	1 636 341	1 636 341	-	100.0%	1 595 623	1 594 153
Non-profit institutions	1 032 693	-	-	1 032 693	1 032 693	-	100.0%	1 020 414	956 134
Households	173	-	266	439	439	-	100.0%	140	140
<b>Payments for capital assets</b>	<b>927</b>	<b>-</b>	<b>-</b>	<b>927</b>	<b>419</b>	<b>508</b>	<b>45.2%</b>	<b>1 200</b>	<b>712</b>
Machinery and equipment	927	-	-	927	419	508	45.2%	1 200	712
<b>Payment for financial assets</b>	<b>-</b>	<b>190</b>	<b>-</b>	<b>190</b>	<b>190</b>	<b>-</b>	<b>100.0%</b>	<b>45</b>	<b>45</b>
<b>Total</b>	<b>3 035 948</b>	<b>-</b>	<b>(12 551)</b>	<b>3 023 397</b>	<b>2 982 840</b>	<b>40 557</b>	<b>98.7%</b>	<b>2 921 000</b>	<b>2 811 509</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

Programme 4: Property and Construction Industry Policy and Research									
2022/23								2021/22	
	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
<b>Sub programme</b>									
1. Construction Policy Development Programme	44 767	(1 476)	(12)	43 279	40 964	2 315	94.7%	43 003	38 494
2. Property Policy Development Programme	12 341	(1 907)	(34)	10 400	8 549	1 851	82.2%	12 795	10 940
3. Construction Industry Development Board	80 012	-	-	80 012	80 012	-	100.0%	78 166	78 166
4. Council for the Built Environment	54 495	-	-	54 495	54 495	-	100.0%	53 528	53 528
5. Independent Development Trust	70 300	-	-	70 300	70 300	-	100.0%	93 000	93 000
6. Construction Education and Training Authority	581	-	-	581	581	-	100.0%	572	572
7. Property Management Trading Entity	3 996 043	-	(83 220)	3 912 823	3 912 823	-	100.0%	4 349 655	4 349 655
8. Assistance to Organisations for the Preservation of National Memorials	28 432	-	-	28 432	28 432	-	100.0%	28 265	28 265
9. Infrastructure Development Coordination	140 768	3 383	102 686	246 837	132 846	113 991	53.8%	121 980	104 574
<b>Total for sub programmes</b>	<b>4 427 739</b>	<b>-</b>	<b>19 420</b>	<b>4 447 159</b>	<b>4 329 002</b>	<b>118 157</b>	<b>97.3%</b>	<b>4 780 965</b>	<b>4 757 194</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>72 762</b>	<b>-</b>	<b>2 686</b>	<b>75 448</b>	<b>57 999</b>	<b>17 449</b>	<b>76.9%</b>	<b>54 052</b>	<b>30 574</b>
Compensation of employees	35 492	-	-	35 492	18 043	17 449	50.8%	33 573	16 129



**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

Programme 4: Property and Construction Industry Policy and Research									
2022/23								2021/22	
	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
Goods and services	37 270	-	2 686	39 956	39 956	-	100.0%	20 479	14 445
<b>Transfers and subsidies</b>	<b>4 354 239</b>	-	<b>16 734</b>	<b>4 370 973</b>	<b>4 270 969</b>	<b>100 004</b>	<b>97.7%</b>	<b>4 726 582</b>	<b>4 726 582</b>
Departmental agencies and accounts	4 165 082	-	(83 220)	4 081 862	4 081 862	-	100.0%	4 514 999	4 514 999
Foreign governments and international organisations	28 432	-	-	28 432	28 432	-	100.0%	28 265	28 265
Public corporations and private enterprises	160 675	-	100 000	260 675	160 675	100 000	61.6%	180 972	180 972
Households	50	-	(46)	4	-	4	-	2 346	2 346
<b>Payments for capital assets</b>	<b>738</b>	-	-	<b>738</b>	<b>34</b>	<b>704</b>	<b>4.6%</b>	<b>331</b>	<b>38</b>
Machinery and equipment	738	-	-	738	34	704	4.6%	331	38
<b>Total</b>	<b>4 427 739</b>	-	<b>19 420</b>	<b>4 447 159</b>	<b>4 329 002</b>	<b>118 157</b>	<b>97.3%</b>	<b>4 780 965</b>	<b>4 757 194</b>

Programme 5: Prestige Policy									
2022/23								2021/22	
	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
<b>Sub programme</b>									
1. Prestige Accommodation and State Functions	65 990	-	(4 169)	61 821	43 609	18 212	70.5%	77 730	41 420
2. Parliamentary Villages Management Board	5 838	-	-	5 838	5 838	-	100.0%	11 376	11 376
<b>Total for sub programmes</b>	<b>71 828</b>	-	<b>(4 169)</b>	<b>67 659</b>	<b>49 447</b>	<b>18 212</b>	<b>73.1%</b>	<b>89 106</b>	<b>52 796</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**  
**APPROPRIATION STATEMENT**  
*for the period ended 31 March 2023*

<b>Economic classification</b>									
<b>Current payments</b>	<b>57 656</b>	-	<b>(2 963)</b>	<b>54 693</b>	<b>42 657</b>	<b>12 036</b>	<b>78.0%</b>	<b>71 264</b>	<b>39 307</b>
Compensation of employees	31 854	-	-	31 854	28 441	3 413	89.3%	29 987	27 550
Goods and services	25 802	-	(2 963)	22 839	14 216	8 623	62.2%	41 277	11 757
<b>Transfers and subsidies</b>	<b>6 072</b>	-	<b>(206)</b>	<b>5 866</b>	<b>5 862</b>	<b>4</b>	<b>99.9%</b>	<b>11 742</b>	<b>11 742</b>
Provinces and Municipalities	4	-	-	4	-	4	-	-	-
Departmental agencies and accounts	5 838	-	-	5 838	5 838	-	100.0%	11 376	11 376
Households	230	-	(206)	24	24	-	100.0%	366	366
<b>Payments for capital assets</b>	<b>8 100</b>	-	<b>(1 000)</b>	<b>7 100</b>	<b>928</b>	<b>6 172</b>	<b>13.1%</b>	<b>6 100</b>	<b>1 747</b>
Machinery and equipment	8 100	-	(1 000)	7 100	928	6 172	13.1%	6 100	1 747
<b>Total</b>	<b>71 828</b>	-	<b>(4 169)</b>	<b>67 659</b>	<b>49 447</b>	<b>18 212</b>	<b>73.1%</b>	<b>89 106</b>	<b>52 796</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**

**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2023**

**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, and Annexure 1A-F of 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 on Annual Appropriation to the Annual Financial Statements.

**3. Detail on payments for financial assets**

Detail of these transactions 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 R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
	Administration	555 009	501 102	53 907	10%
	Intergovernmental Coordination	59 505	47 776	11 729	20%
	Expanded Public Works Programme	3 023 397	2 982 840	40 557	1%
	Property and Construction Industry Policy and Research	4 447 159	4 329 002	118 157	3%
	Prestige Policy	67 659	49 447	18 212	27%
	<b>Administration</b>	<b>555 009</b>	<b>501 102</b>	<b>53 907</b>	<b>10%</b>

***Expenditure variance relates to:***

- Compensation of employees - mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services – mainly due to delays in receipt of invoices for goods and services rendered, implementation of the cost containment measures and higher projections than the actual expenditure.
- Machinery and equipment – due to a delays in delivery of the procured equipment.

<b>Intergovernmental Coordination</b>	<b>59 505</b>	<b>47 776</b>	<b>11 729</b>	<b>20%</b>
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***Expenditure variance relates to:***

- Compensation of employees - mainly due to delays in the filling of vacant positions including those vacated during the financial year.

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
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**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2023**

Per programme	Final Appropriation  R'000	Actual Expenditure  R'000	Variance  R'000	Variance as a % of Final Appropriation
<b>Expanded Public Works Programme</b>	3 023 397	2 982 840	40 557	1%

***Expenditure variance relates to:***

- Compensation of employees - mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services – mainly due to implementation of the cost containment measures and higher projections than the actual expenditure.
- Machinery and equipment – due to delays in acquisition of assets linked to the projected filling of the vacant positions.

**Property and Construction Industry**

<b>Policy and Research</b>	4 447 159	4 329 002	118 157	3%
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***Expenditure variance relates to:***

- Compensation of employees – mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Transfers and subsidies – the underspent budget of R100 million was allocated after the adjustments estimates process and the funding was allocated with conditions before funds can be transferred for the programme to be implemented. The delays in fulfilling the conditions due to the external factors which resulted in funds not being transferred. The funding was allocated for the implementation for the project preparation implemented by Infrastructure South Africa.

<b>Prestige Policy</b>	67 659	49 447	18 212	27%
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***Expenditure variance relates to:***

- Compensation of employees - mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services – mainly due to the implementation of the cost containment measures and less number of the activities than projected.
- Machinery and equipment – mainly due to lower than the projected spending on the planned acquisition of assets.

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
VOTE 13**

**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2023**

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
<b>Current payments</b>				
Compensation of employees	596 930	514 155	82 775	14%
Goods and services	479 358	428 558	50 801	11%
<b>Transfers and subsidies</b>				
Provinces and municipalities	1 636 351	1 636 342	9	0%
Departmental agencies and accounts	4 087 700	4 087 700	-	0%
Public corporations and private enterprises	260 675	160 675	100 000	38%
Foreign governments and international organisations	28 432	28 432	-	0%
Non-profit institutions	1 032 693	1 032 693	-	0%
Households	9 894	9 890	4	0%
<b>Payments for capital assets</b>				
Machinery and equipment	19 095	10 121	8 974	47%

Expenditure variance relate to:

- Compensation of employees - mainly due to delays in the filling of vacant positions including those vacated during the financial year.
- Goods and services - mainly due to delays in receipt of invoices from services providers, implementation of the cost containment measures as well as lower than the projected expenditure for certain items.
- Transfers and subsidies - the underspent budget of R100 million was allocated after the adjustments estimates process and the funding was allocated with conditions before funds can be transferred for the programme to be implemented. The delays in fulfilling the conditions due to the external factors resulted in funds not being transferred. The funding was allocated for the implementation for the project preparation implemented by Infrastructure South Africa.
- Machinery and equipment - due to a delays in delivery of the procured equipment.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
EPWP Integrated Grant for Provinces	433 098	433 098	-	0%
Social sector EPWP Incentive grant for provinces	424 848	424 848	-	0%
EPWP Integrated Grant for Municipalities	778 395	778 395	-	0%

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
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**STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2023**

		2022/23 R'000	2021/22 R'000
<b>REVENUE</b>	<b>Note</b>		
Annual appropriation	1	8 152 729	8 354 210
Departmental revenue	2	33 315	15 468
<b>TOTAL REVENUE</b>		<b>8 186 044</b>	<b>8 369 678</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	514 155	497 360
Goods and services	4	428 558	279 591
<b>Total current expenditure</b>		<b>942 713</b>	<b>776 951</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	6 955 732	7 299 156
<b>Total transfers and subsidies</b>		<b>6 955 732</b>	<b>7 299 156</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	10 121	5 953
<b>Total expenditure for capital assets</b>		<b>10 121</b>	<b>5 953</b>
<b>Payments for financial assets</b>	5	1 601	135
<b>TOTAL EXPENDITURE</b>		<b>7 910 167</b>	<b>8 082 195</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>275 877</b>	<b>287 483</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		242 562	272 015
Annual appropriation		242 562	272 015
Departmental revenue and NRF receipts	12	33 315	15 468
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>275 877</b>	<b>287 483</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
VOTE 13**

**STATEMENT OF FINANCIAL POSITION  
as at 31 March 2023**

	<i>Note</i>	2022/23 R'000	2021/22 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>300 361</b>	<b>239 251</b>
Cash and cash equivalents	8	255 253	216 440
Prepayments and advances	9	2 280	3 616
Receivables	10	42 828	19 195
<b>Non-current assets</b>		<b>80 929</b>	<b>65 848</b>
Receivables	10	80 929	65 848
<b>TOTAL ASSETS</b>		<b>381 290</b>	<b>305 099</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>632 595</b>	<b>555 996</b>
Voted funds to be surrendered to the Revenue Fund	11	236 472	265 925
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	23 521	11 728
Bank overdraft	13	-	44 475
Payables	14	372 602	233 868
<b>Non-current liabilities</b>			
Payables	15	687	-
<b>TOTAL LIABILITIES</b>		<b>633 282</b>	<b>555 996</b>
<b>NET ASSETS</b>		<b>(251 992)</b>	<b>(250 897)</b>
<b>Represented by:</b>			
Recoverable revenue		3 087	4 182
Unauthorised expenditure		(255 079)	(255 079)
<b>TOTAL</b>		<b>(251 992)</b>	<b>(250 897)</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
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**STATEMENT OF CHANGES IN NET ASSETS**  
**as at 31 March 2023**

	<i>Note</i>	2022/23 R'000	2021/22 R'000
<b>Recoverable revenue</b>			
Opening balance		4 182	3 780
Transfers:		(1 095)	402
Debts revised		(49)	(38)
Debts recovered (included in departmental revenue)		(1 613)	(404)
Debts raised		567	844
Closing balance		<b>3 087</b>	<b>4 182</b>
 <b>Unauthorised expenditure</b>			
Opening balance		(255 079)	(255 079)
Closing Balance		(255 079)	(255 079)
 <b>TOTAL</b>		<b>(251 992)</b>	<b>(250 897)</b>



**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**

**CASH FLOW STATEMENT**  
**for the year ended 31 March 2023**

		2022/23	2021/22
	<i>Note</i>	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>8 186 044</b>	<b>8 369 678</b>
Annual appropriation funds received	1.1	8 152 729	8 354 210
Departmental revenue received	2	15 453	4 412
Interest received	2.3	17 862	11 056
Net (increase)/decrease in net working capital		116 437	168 637
Surrendered to Revenue Fund		(293 537)	(204 657)
Current payments		(942 713)	(776 951)
Payments for financial assets	5	(1 601)	(135)
Transfers and subsidies paid		(6 955 732)	(7 299 156)
<b>Net cash flow available from operating activities</b>	<b>16</b>	<b>108 898</b>	<b>257 416</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(10 121)	(5 953)
(Increase)/decrease in non-current receivables		(15 081)	3 087
<b>Net cash flow available from investing activities</b>		<b>(25 202)</b>	<b>(2 866)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(1 095)	402
Increase/ (decrease) in non-current payables		687	-
<b>Net cash flows from financing activities</b>		<b>(408)</b>	<b>402</b>
Net increase/(decrease) in cash and cash equivalents		83 288	254 952
Cash and cash equivalents at beginning of period		171 965	(82 987)
<b>Cash and cash equivalents at end of period</b>	<b>8</b>	<b>255 253</b>	<b>171 965</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
**VOTE 13**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

**PART A: ACCOUNTING POLICIES**

**Summary of significant accounting policies**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

<b>1.</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2.</b>	<b>Going concern</b> The financial statements have been on a going concern basis.
<b>3.</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department
<b>4.</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5.</b>	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
<b>6.</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> 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.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7.</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).  Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.  Appropriated funds are measured at the amounts receivable.

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

	The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Departmental revenue is measured at the cash amount received.</p> <p>In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
<b>8.</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p> <p>Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.</p>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<b>Operating leases</b>

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	<p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9.</b>	<b>Aid assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>CARA Funds are recognised when receivable and measured at the amounts receivable.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10.</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
<b>11.</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments and advances are expensed when expenditure reports are received from the respective entities or when services or goods are delivered.</p>
<b>12.</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
<b>13.</b>	<b>Investments</b>

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	Investments are recognised in the statement of financial position at cost.
<b>14.</b>	<b>Financial assets</b>
<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b></p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>14.2</b>	<p><b>Impairment of financial assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>15.</b>	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
<b>16.</b>	<b>Capital assets</b>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
<b>16.2</b>	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
<b>16.3</b>	<p><b>Intangible capital assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p>

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	Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
<b>16.4</b>	<p><b>Project costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
<b>17.</b>	<b>Provisions and contingents</b>
<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
<b>17.4</b>	<p><b>Capital commitments</b></p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
<b>18.</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p> <p>Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure recorded in the notes to the financial statements comprise of</p> <ul style="list-style-type: none"> <li>• unauthorised expenditure that was under assessment in the previous financial year;</li> <li>• unauthorised expenditure relating to previous financial year and identified in the current year; and</li> <li>• Unauthorised incurred in the current year.</li> </ul>
<b>19.</b>	<b>Fruitless and wasteful expenditure</b>

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	<p>Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:</p> <ul style="list-style-type: none"> <li>• fruitless and wasteful expenditure that was under assessment in the previous financial year;</li> <li>• fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and</li> <li>• fruitless and wasteful expenditure incurred in the current year.</li> </ul>
<b>20.</b>	<p><b>Irregular expenditure</b></p> <p>Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:</p> <ul style="list-style-type: none"> <li>• irregular expenditure that was under assessment in the previous financial year;</li> <li>• irregular expenditure relating to previous financial year and identified in the current year; and</li> <li>• irregular expenditure incurred in the current year.</li> </ul>
<b>21.</b>	<p><b>Changes in accounting estimates and errors</b></p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22.</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
<b>23.</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement with different government institutions for implementation of projects that support growth and development strategies through the National Skill Fund (NSF); construction of rural bridge structures in KwaZulu Natal (KZN) and Eastern Cape (EC) Provinces; through the Department of Higher Education and KZN and EC Provincial Departments of Transport respectively. In terms of the arrangement with the NSF the Department is the agent and is responsible for planning, engaging with public bodies and participants and recruitment of learners, procurement and training implementation. In terms of the arrangement with the KZN Provincial Department of Transport and EC Provincial Department of Transport, the Department is the agent and is responsible for planning, conducting need assessment of envisaged bridge structures to be constructed and providing technical support on labour intensive construction method and ensuring procurement of bridge structures.</p> <p>The Department is party to a principal-agent arrangement for implementation and provision of technical support for the expanded public works programme through the International Labour Organisation (ILO) and Independent Development Trust (IDT). In terms of the arrangement with both institutions the Department is the principal and is responsible for overseeing the provision of the support and monitoring and evaluation of the EPWP project implementation.</p>

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	<p>The Department has been entrusted with administration, powers and functions in the Infrastructure Development Act, to provide functional leadership towards achieving the Presidential Infrastructure Coordinating Commission (PICC)'s mandate. The Department has entered into an agreement with the Industrial Development Corporation (IDC) to provide accommodation and operational services to the Technical Project Management Unit (referred to as a Technical Task Team) that supports the Department in executing its functions. In this arrangement the IDC is acting as an agent to the Department, the rights and obligations of this agreement rest with the Department (DPWI).</p>
<b>24.</b>	<p><b>Capitalisation reserve</b></p> <p>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 underlying asset is disposed and the related funds are received.</p>
<b>25.</b>	<p><b>Recoverable revenue</b></p> <p>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.</p>
<b>26.</b>	<p><b>Related party transactions</b></p> <p>Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The full compensation of key management personnel is recorded in the notes to the financial statements.</p>
<b>27.</b>	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
<b>28.</b>	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.</p> <p>Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.</p> <p>The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>



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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:

	<b>2022/23</b>		<b>2021/22</b>	
	<b>Final</b>	<b>Actual Funds</b>	<b>Final Appropriation</b>	<b>Appropriation</b>
	<b>Appropriation</b>	<b>Received</b>		<b>received</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	555 009	555 009	504 598	504 598
Intergovernmental	59 505	59 505	58 541	58 541
Coordination				
Expanded Public Works	3 023 397	3 023 397	2 921 000	2 921 000
Programme				
Property and Construction	4 447 159	4 447 159	4 780 965	4 780 965
Industry Policy and				
Research				
Prestige Policy	67 659	67 659	89 106	89 106
<b>Total</b>	<b>8 152 729</b>	<b>8 152 729</b>	<b>8 354 210</b>	<b>8 354 210</b>

**2. Departmental revenue**

		<b>2022/23</b>	<b>2021/22</b>
	<i>Note</i>	<b>R'000</b>	<b>R'000</b>
Tax revenue			
Sales of goods and services other than capital assets	2.1	323	319
Fines, penalties and forfeits	2.2	3	-
Interest, dividends and rent on land	2.3	17 862	11 056
Transactions in financial assets and liabilities	2.4	15 127	4 093
<b>Total</b>		<b>33 315</b>	<b>15 468</b>

**2.1. Sales of goods and services other than capital assets**

Sales of goods and services produced by the department		318	318
Sales by market establishment		109	113
Administrative fees		-	1
Other sales		209	204
Sales of scrap, waste and other used current goods		5	1
<b>Total</b>	<b>2</b>	<b>323</b>	<b>319</b>

*Include discussion here where deemed relevant.*

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**2.2. Fines, penalties and forfeits**

		<b>2022/23</b>	<b>2021/22</b>
	<i>Note</i>	<b>R'000</b>	<b>R'000</b>
Forfeits		3	-
<b>Total</b>	<b>2</b>	<b>3</b>	<b>-</b>

**2.3. Interest, dividends and rent on land**

Interest		17 862	11 056
<b>Total</b>	<b>2</b>	<b>17 862</b>	<b>11 056</b>

**2.4. Transactions in financial assets and liabilities**

Receivables		15 127	4 093
<b>Total</b>	<b>2</b>	<b>15 127</b>	<b>4 093</b>

**3. Compensation of employees**

**3.1. Analysis of balance**

Basic salary	3	343 000	331 143
Performance award		1 605	2 415
Service based		283	262
Compensative/circumstantial		9 040	8 093
Other non-pensionable allowances		98 776	96 595
<b>Total</b>		<b>452 704</b>	<b>438 508</b>

**3.2. Social contributions**

		<b>2022/23</b>	<b>2021/22</b>
	<i>Note</i>	<b>R'000</b>	<b>R'000</b>
<b>Employer contributions</b>			
Pension	3	43 959	42 211
Medical		17 364	16 525
Bargaining council		78	77
Insurance		50	39
<b>Total</b>		<b>61 451</b>	<b>58 852</b>
<b>Total compensation of employees</b>		<b>514 155</b>	<b>497 360</b>
Average number of employees		<b>679</b>	<b>700</b>

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**4. Goods and services**

		<b>2022/23</b>	<b>2021/22</b>
	<i>Note</i>	<b>R'000</b>	<b>R'000</b>
Administrative fees		89 213	45 841
Advertising		3 106	9 122
Minor assets	4.1	260	325
Bursaries (employees)		1 387	557
Catering		1 903	346
Communication		12 317	8 803
Computer services	4.2	31 702	27 805
Consultants: Business and advisory services		65 338	36 537
Legal services		20 256	26 229
Contractors		10 061	5 500
Agency and support / outsourced services		35 453	41 203
Entertainment		183	79
Audit cost - external	4.3	11 005	12 804
Fleet services		1 962	909
Consumables	4.4	6 605	3 846
Operating leases		70 601	25 744
Property payments	4.5	15 034	8 624
Rental and hiring		36	1 224
Travel and subsistence	4.6	40 241	16 330
Venues and facilities		6 987	2 075
Training and development		2 487	1 127
Other operating expenditure	4.7	2 421	4 561
<b>Total</b>		<b>428 558</b>	<b>279 591</b>

**4.1. Minor assets**

<b>Tangible capital assets</b>		<b>260</b>	<b>325</b>
Machinery and equipment		260	325
<b>Total</b>	4	<b>260</b>	<b>325</b>

**4.2. Computer services**

SITA computer services		30 601	19 446
External computer service providers		1 101	8 359
<b>Total</b>	4	<b>31 702</b>	<b>27 805</b>

**4.3. Audit cost - external**

Regularity audits		11 005	12 804
<b>Total</b>	4	<b>11 005</b>	<b>12 804</b>

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**4.4. Consumables**

		2022/23	2021/22
	Note	R'000	R'000
Consumable supplies		2 908	2 057
Uniform and clothing		1 133	178
Household supplies		707	277
Communication accessories		3	-
IT consumables		577	737
Other consumables		488	865
Stationery, printing and office supplies		3 697	1 789
<b>Total</b>	<b>4</b>	<b>6 605</b>	<b>3 846</b>

**4.5. Property payments**

Municipal services		13 427	8 239
Property management fees		1 607	385
<b>Total</b>	<b>4</b>	<b>15 034</b>	<b>8 624</b>

**4.6. Travel and subsistence**

Local		35 589	16 162
Foreign		4 652	168
<b>Total</b>	<b>4</b>	<b>40 241</b>	<b>16 330</b>

**4.7. Other operating expenditure**

Professional bodies, membership and subscription fees		164	2 866
Resettlement costs		312	273
Other		1 945	1 422
<b>Total</b>	<b>4</b>	<b>2 421</b>	<b>4 561</b>

**5. Payments for financial assets**

Other material losses written off	5.1	139	112
Debts written off	5.2	1 462	23
<b>Total</b>		<b>1 601</b>	<b>135</b>

**5.1. Other material losses written off**

Recoverable expenditure		139	112
<b>Total</b>	<b>5</b>	<b>139</b>	<b>112</b>

**5.2. Debts written off**

Other debt		1 462	23
<b>Total debt written off</b>	<b>8</b>	<b>1 462</b>	<b>23</b>

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**6. Transfers and subsidies**

		<b>2022/23</b>	<b>2021/22</b>
	<i>Note</i>	<b>R'000</b>	<b>R'000</b>
Provinces and municipalities	<i>31,32</i>	1 636 342	1 594 154
Departmental agencies and accounts	<i>Annex 1B</i>	4 087 700	4 526 375
Foreign governments and international organisations	<i>Annex 1D</i>	28 432	28 265
Public corporations and private enterprises	<i>Annex 1C</i>	160 675	180 972
Non-profit institutions	<i>Annex 1E</i>	1 032 693	956 134
Households	<i>Annex 1F</i>	9 890	13 256
<b>Total</b>		<b>6 955 732</b>	<b>7 299 156</b>

**7. Expenditure for capital assets**

<b>Tangible capital assets</b>		<b>10 121</b>	<b>5 953</b>
Machinery and equipment	27	10 121	5 953
<b>Total</b>		<b>10 121</b>	<b>5 953</b>

**7.1. Analysis of funds utilised to acquire capital assets - Current year**

	<b>2022/23</b>		
	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Name of entity</b>			
<b>Tangible capital assets</b>			
Machinery and equipment	10 121	-	10 121
<b>Total</b>	<b>10 121</b>	<b>-</b>	<b>10 121</b>

**7.2. Analysis of funds utilised to acquire capital assets - Prior year**

	<b>2021/22</b>		
	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Name of entity</b>			
<b>Tangible capital assets</b>			
Machinery and equipment	5 953	-	5 953
<b>Total</b>	<b>5 953</b>	<b>-</b>	<b>5 953</b>

**7.3. Finance lease expenditure included in Expenditure for capital assets**

<b>Tangible capital assets</b>			
Machinery and equipment		1 075	775
<b>Total</b>		<b>1 075</b>	<b>775</b>

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**8. Cash and cash equivalents**

	2022/23	2021/22
<i>Note</i>	R'000	R'000
Consolidated Paymaster General Account	254 418	-
Cash receipts	1	216 315
Cash on hand	125	125
Investments (Domestic)	709	-
<b>Total</b>	<b>255 253</b>	<b>216 440</b>

**9. Prepayments and advances**

Travel and subsistence		-	45
Prepayments (Not expensed)	9.2	42	-
Advances paid (Not expensed)	9.1	2 238	3 571
<b>Total</b>		<b>2 280</b>	<b>3 616</b>

**Analysis of Total Prepayments and advances**

Current Prepayments and advances	2 280	3 616
<b>Total</b>	<b>2 280</b>	<b>3 616</b>

**9.1. Advances paid (Not expensed)**

**2022/23**

	Amount as at 1 April 2022	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2023
<i>Note</i>	R'000	R'000	R'000	R'000	R'000
National departments	121	(4 636)	-	4 860	345
Public entities	182	(18 163)	-	19 174	1 193
Other entities	3 268	(4 856)	-	2 288	700
<b>Total</b>	<b>3 571</b>	<b>(27 655)</b>	<b>-</b>	<b>26 322</b>	<b>2 238</b>

**2021/22**

	Amount as at 1 April 2021	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2022
<i>Note</i>	R'000	R'000	R'000	R'000	R'000
National departments	7 120	(7 658)	-	659	121
Public entities	307	(16 608)	-	16 483	182
Other entities	4 248	(9 199)	-	8 219	3 268
<b>Total</b>	<b>11 675</b>	<b>(33 465)</b>	<b>-</b>	<b>25 361</b>	<b>3 571</b>

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**9.2. Prepayments (Not expensed)**

		2022/23				
		Amount as at 1 April 2022	Less: Amounts expensed in current year	Add / Less: Other	Add Current year prepaymen ts	Amount as at 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
Goods and services		-	(98)	-	140	42
<b>Total</b>	<b>9</b>	<b>-</b>	<b>(98)</b>	<b>-</b>	<b>140</b>	<b>42</b>

**10. Receivables**

		2022/23			2021/22		
		Current	Non- current	Total	Current	Non- current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	25 634	78 236	103 870	18 545	62 178	80 723
Recoverable expenditure	10.2	17 078	561	17 639	168	591	759
Staff debt	10.3	80	731	811	482	120	602
Other receivables	10.4	36	1 401	1 437	-	2 959	2 959
<b>Total</b>		<b>42 828</b>	<b>80 929</b>	<b>123 757</b>	<b>19 195</b>	<b>65 848</b>	<b>85 043</b>

**10.1. Claims recoverable**

		2022/23	2021/22
	Note	R'000	R'000
National departments		71 888	71 908
Provincial departments		1 309	-
Public entities		30 673	8 815
<b>Total</b>	<b>10</b>	<b>103 870</b>	<b>80 723</b>

**10.2. Recoverable expenditure**

		2022/23	2021/22
Disallowance		17 602	591
Private telephone		15	14
Salary accounts		22	154
<b>Total</b>	<b>10</b>	<b>17 639</b>	<b>759</b>

**10.3. Staff debt**

		2022/23	2021/22
Personnel debt		811	602
<b>Total</b>	<b>10</b>	<b>811</b>	<b>602</b>

**10.4. Other receivables**

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		2022/23	2021/22
	Note	R'000	R'000
Bursaries		4	244
Ex-Employee(over payments)		1 280	2 459
Telephone Account (limit exceeded)		153	256
<b>Total</b>	<b>10</b>	<b>1 437</b>	<b>2 959</b>
<b>10.5. Impairment of receivables</b>			
Estimate of impairment of receivables	10	77 174	62 026
<b>Total</b>		<b>77 174</b>	<b>62 026</b>
<b>11. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		265 925	193 343
Prior period error	11.1		(6 090)
As restated		265 925	187 253
Transferred from statement of financial performance (as restated)		242 562	272 015
Conditional grants surrendered by the provincial department		10 394	-
Paid during the year		(282 409)	(193 343)
<b>Closing balance</b>		<b>236 472</b>	<b>265 925</b>
<b>11.1 Prior period error</b>			
Relating to 2007/08 to 2011/12			(6 090)
Unauthorised Expenditure			(6 090)
<b>Total</b>			<b>(6 090)</b>
<b>11.2 Reconciliation of unspent conditional grants</b>			
Add: Received from provincial revenue fund by national department		-	10 394
<b>Due by the Provincial Revenue Fund</b>		<b>-</b>	<b>10 394</b>
<b>12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund</b>			
Opening balance		11 728	7 574
Prior period error			-
As restated		11 728	7 574
Transferred from statement of financial performance (as restated)		33 315	15 468
Paid during the year		(21 522)	(11 314)
<b>Closing balance</b>		<b>23 521</b>	<b>11 728</b>



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<b>13.</b>	<b>Bank overdraft</b>			
	Consolidated Paymaster General account		-	44 475
	<b>Total</b>		<b>-</b>	<b>44 475</b>
<b>14.</b>	<b>Payables - current</b>			
			<b>2022/23</b>	<b>2021/22</b>
		<i>Note</i>	<b>R'000</b>	<b>R'000</b>
	Amounts owing to other entities			
	Advances received	14.1	368 734	19 523
	Clearing accounts	14.2	224	169
	Other payables	14.3	3 644	214 176
	<b>Total</b>		<b>372 602</b>	<b>233 868</b>
<b>14.1.</b>	<b>Advances received</b>			
	Provincial departments		357 524	6 227
	Public entities		11 210	13 296
	<b>Total</b>	14	<b>368 734</b>	<b>19 523</b>
<b>14.2.</b>	<b>Clearing accounts</b>			
	Salary income tax (Payable to SARS)		196	157
	Salary clearing accounts		26	12
	Telephone control		2	-
	<b>Total</b>	14	<b>224</b>	<b>169</b>
<b>14.3.</b>	<b>Other payables</b>			
	Funds received on behalf of the PMTE		2 322	1 818
	Other payables		1 309	34
	Surrender to National Treasury		13	211 248
	Vukuphile EPWP projects		-	687
	CETA		-	389
	<b>Total</b>	14	<b>3 644</b>	<b>214 176</b>

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**15. Payables - non-current**

	<i>Note</i>	<b>2022/23</b>				<b>2021/22</b>
		<b>One to two years</b>	<b>Two to three years</b>	<b>Older than three years</b>	<b>Total</b>	<b>Total</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Amounts owing to other entities						
Other payables	15..1	687	-	-	687	-
<b>Total</b>		<b>687</b>	<b>-</b>	<b>-</b>	<b>687</b>	<b>-</b>

**15.1. Other payables**

<b>Description</b>	<i>Note</i>	<b>2022/23 R'000</b>	<b>2021/22 R'000</b>
Vukuphile EPWP projects		687	-
<b>Total</b>	21	<b>687</b>	<b>-</b>

**16. Net cash flow available from operating activities**

Net surplus/(deficit) as per Statement of Financial Performance	275 877	287 483
Add back non-cash/cash movements not deemed operating activities	(166 979)	(30 067)
(Increase)/decrease in receivables	(23 633)	(13 589)
(Increase)/decrease in prepayments and advances	1 336	8 060
Increase/(decrease) in payables – current	138 734	174 166
Expenditure on capital assets	10 121	5 953
Surrenders to Revenue Fund	(293 537)	(204 657)
<b>Net cash flow generating</b>	<b>108 898</b>	<b>257 416</b>

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**17. Reconciliation of cash and cash equivalents for cash flow purposes**

	2022/23	2021/22
Note	R'000	R'000
Consolidated Paymaster General account	254 418	(44 475)
Cash receipts	1	216 315
Cash on hand	125	125
Cash with commercial banks (Local)	709	-
<b>Total</b>	<b>255 253</b>	<b>171 965</b>

**18. Contingent liabilities and contingent assets**

**18.1. Contingent liabilities**

Liable to	Nature	Note		
Housing loan guarantees	Employees	Annex 2A	-	53
Claims against the department		Annex 2B	5 356	13 337
Intergovernmental payables		Annex 4	77 034	5 030
<b>Total</b>			<b>82 390</b>	<b>18 420</b>

**18.2. Contingent assets**

Nature of contingent asset	Nature	Note		
Giant Creative Events (Pty) Ltd- Claims for overpayments	Employees	Annex 2A	1 321	-
<b>Total</b>			<b>1 321</b>	<b>-</b>

The Department has overpaid Giant Creative and the summons against this Company were issued through the State Attorney BSE distributors: there is a possible inflow of cash due to overpayments made to BSE in relation to bailey bridges, the amount cannot be reliably estimated as at 31 March 2023.

**19. Capital commitments**

Machinery and equipment	4 481	244
<b>Total</b>	<b>4 481</b>	<b>244</b>

Commitments are expected to be expensed or accrued in the next financial year (2023/24)

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**20. Accruals and payables not recognised**

**20.1. Accruals**

		2022/23			2021/22
		30 Days	30+ Days	Total	Total
Listed by economic classification	Note	R'000	R'000	R'000	R'000
Goods and services		12 290	8 732	21 022	20 803
Transfers and subsidies		16	-	16	118
Capital assets		-	-	-	68
Other		976	6 037	7 013	101
<b>Total</b>		<b>13 282</b>	<b>14 769</b>	<b>28 051</b>	<b>21 090</b>

		2022/23	2021/22
Listed by programme level	Note	R'000	R'000
Administration		14 453	15 699
Intergovernmental coordination		8 097	1 884
Expanded Public Works Programme		4 022	1 849
Property and Construction Industry Policy and Research		383	1 390
Prestige Policy		1 096	268
<b>Total</b>		<b>28 051</b>	<b>21 090</b>

**20.2. Payables not recognised**

		2022/23			2021/22
		30 Days	30+ Days	Total	Total
Listed by economic classification	Note	R'000	R'000	R'000	R'000
Goods and services		6 106	146	6 252	910
Transfers and subsidies		1 784	-	1 784	-
Capital assets		-	25	25	46
<b>Total</b>		<b>7 890</b>	<b>171</b>	<b>8 061</b>	<b>956</b>

Administration		1 857	30
Intergovernmental coordination		42	-
Expanded Public Works Programme		5 991	295
Property and Construction Industry Policy and Research		-	584
Prestige Policy		171	47
<b>Total</b>		<b>8 061</b>	<b>956</b>

Confirmed balances with other departments	Annex 4	2 050	9 328
Confirmed balances with other government entities	Annex 4	7 096	4 479
<b>Total</b>		<b>9 146</b>	<b>13 807</b>

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**21. Employee benefits**

	2022/23	2021/22
Note	R'000	R'000
Leave entitlement	30 440	34 026
Service bonus	11 862	11 695
Capped leave	6 413	7 467
Other	1 121	1 111
<b>Total</b>	<b>49 836</b>	<b>54 299</b>

*At this stage the Department is not able to reliably measure the long term portion of the long service awards. Excluded from the leave entitlement is an amount of R92 thousand representing leave credits as at end of the financial year.*

**22. Lease commitments**

**22.1. Operating leases**

*The department continue to lease two properties on a month-to-month basis with the lessors as there are no agreements as at 31 March 2023*

**2021/22**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	13 090	-	13 090
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>13 090</b>	<b>-</b>	<b>13 090</b>

**22.2. Finance leases \*\***

	2022/23				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2 656	2 656
Later than 1 year and not later than 5 years	-	-	-	3 310	3 310
<b>Total lease commitments</b>	-	-	-	<b>5 966</b>	<b>5 966</b>

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	2021/22				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1 763	1 763
Later than 1 year and not later than 5 years	-	-	-	1 273	1 273
<b>Total lease commitments</b>	-	-	-	<b>3 036</b>	<b>3 036</b>

\*\* This note excludes leases relating to public private partnerships as they are separately disclosed in the note on *Public Private Partnerships*.

**23. Accrued departmental revenue**

	Note	2022/23 R'000	2021/22 R'000
Interest, dividends and rent on land		2	2
<b>Total</b>		<b>2</b>	<b>2</b>

**23.1. Analysis of accrued departmental revenue**

Opening balance	2	1 192
Add: amounts recorded	17 038	9 792
Less: amounts received	17 038	10 982
<b>Closing balance</b>	<b>2</b>	<b>2</b>

**24. Unauthorised, Irregular and Fruitless and wasteful expenditure**

Irregular expenditure - current year	3 939	3 784
<b>Total</b>	<b>3 939</b>	<b>3 784</b>

*Included in the amount of R3.9m relates to the SMS members who were found to be irregularly appointed as per the PSC Report.*  
*Prior period: R25 thousand relate to non-compliance with local content, the non-compliance was identified in the 2022/23 financial year.*

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**25. Related party transactions**

**The following entities/departments have been identified as related parties of the Department:**

- a) Independent Development Trust (IDT) - Government development agency to implement projects commissioned by the Government.
- b) Parliamentary Village Management Board - To provide transport from and to the parliamentary villages for residents (Parliamentarians and sessional officials) who are in Cape Town.
- c) Agrément South Africa (ASA) - Promote and support the process of integrated socio-economic development in SA.
- d) Council for the Built Environment (CBE) - Oversee built environment professional councils.
- e) Construction Industry Development Board (CIDB) - Provide strategic direction for sustainable growth, reform and improvements of the construction sector and its role in the economy.
- f) Property Management Trading Entity (PMTE) - To manage devolved accommodation-related costs and user charges.

**Related parties transactions**

**1. Property Management Trading Entity (PMTE)**

The PMTE operates within the administration of the Department of Public Works and Infrastructure (DPWI) and as such all contracts are entered into in the name of the DPWI. The liabilities and obligations arising from these transactions are accounted for by the PMTE if it relates to the PMTE operating activities as these liabilities will be settled using the PMTE funds and resources.

**1.1 Details of in-kind goods and services provided/received**

**Indirect costs**

Indirect costs include the sharing of administrative services between the Department and the PMTE. The nature of the transactions resulted in difficulties in reliably determining the value of the indirect costs paid on behalf of the PMTE due to the operational structure and functions between the Department and the PMTE.

**26. Key management personnel**

	<b>2022/23</b>	<b>2021/22</b>
	<b>R'000</b>	<b>R'000</b>
Political office bearers ( <i>provide detail below</i> )	4 431	4 429
Officials:		
Level 15 to 16	19 018	13 077
Level 14 (incl. CFO if at a lower level)	34 992	35 448
<b>Total</b>	<b>58 441</b>	<b>52 954</b>

*The Political office bearers are the Minister and the Deputy Minister of the Department of Public Works and Infrastructure. In terms of persons with significance influence, the department has identified officials from level 14 and above as key management as well as seconded key officials if applicable.*

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**27. Public private partnership**

	Note	2022/23 R'000	2021/22 R'000
<b>Unitary fee paid</b>		<b>2 635</b>	<b>1 276</b>
Indexed component		2 635	1 276
<b>Analysis of indexed component</b>		<b>2 635</b>	<b>1 276</b>
Goods and services (excluding lease payments)		917	930
Operating leases		1 718	346
<b>Other</b>		<b>-</b>	<b>1 409</b>
Other obligations		-	1 409

Any guarantees issued by the department are disclosed in the Note on Contingent liabilities.

*The Department partook in a fleet contract with Avis that operated for a 9 month period from 1 July 2021 to 31 March 2022. The expenditure disclosed emanates from invoices that were not paid by the end of the contract.*

*There was no fleet contract as at 31 March 2023, vehicles were rented through the Travel With Flair contract as and when needed.*

**28. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

		2022/23			
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	112 962		-	-	112 962
Heritage assets	112 962		-	-	112 962
MACHINERY AND EQUIPMENT	318 586		15 589	(7 060)	327 115
Transport assets	3 594		709	-	4 303
Computer equipment	68 500		11 391	(4 291)	75 600
Furniture and office equipment	218 195		1 661	(1 600)	218 256
Other machinery and equipment	28 297		1 828	(1 169)	28 956
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	431 548	-	15 589	(7 060)	440 077



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**28.1. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

<b>2021/22</b>					
	<b>Opening balance</b>	<b>Prior period error</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>HERITAGE ASSETS</b>	113 048	-	-	(86)	112 962
Heritage assets	113 048	-	-	(86)	112 962
<b>MACHINERY AND EQUIPMENT</b>	315 057	-	6 452	(2 923)	318 586
Transport assets	3 263	-	331	-	3 594
Computer equipment	65 083	-	3 974	(557)	68 500
Furniture and office equipment	218 248	-	923	(976)	218 195
Other machinery and equipment	28 463	-	1 224	(1 390)	28 297
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>428 105</b>	<b>-</b>	<b>6 452</b>	<b>(3 009)</b>	<b>431 548</b>

**28.2. Minor assets**

**MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23					
	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
Opening balance	-	21	3 825	115 680	-	119 526
Value adjustments					-	
Additions		-	-	984	-	984
Disposals		-	-	(1 346)	-	(1 346)
<b>Total Minor assets</b>		<b>21</b>	<b>3 825</b>	<b>115 318</b>	<b>-</b>	<b>119 164</b>

	<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Number of R1 minor assets	-	-	-	2 997	-	2 997
Number of minor assets at cost	-	11	1 960	61 037	-	63 008
<b>Total number of minor assets</b>	<b>-</b>	<b>11</b>	<b>1 960</b>	<b>64 034</b>	<b>-</b>	<b>66 005</b>

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**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

2021/22						
	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
Opening balance	-	21	3 825	116 160	-	120 006
Prior period error	-	-	-	311	-	311
Additions	-	-	-	1 668	-	1 668
Disposals	-	-	-	(2 459)	-	(2 459)
<b>Total Minor assets</b>	<b>-</b>	<b>21</b>	<b>3 825</b>	<b>115 680</b>	<b>-</b>	<b>119 526</b>
	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
Number of R1 minor assets	-	-	-	3 020	-	3 020
Number of minor assets at cost	-	11	1 960	61 373	-	63 344
<b>Total number of minor assets</b>	<b>-</b>	<b>11</b>	<b>1 960</b>	<b>64 393</b>	<b>-</b>	<b>66 364</b>

**28.2.1. Prior period error**

		2021/22 R'000
<b>Nature of prior period error</b>	<i>Note</i>	
Relating to 2020/21 <i>[affecting the opening balance]</i>	28	311
Machinery and Equipment		311
<b>Total prior period errors</b>		<b>311</b>

*Cell phones upgraded and received in March 2022 and were not reported as at reporting date.*

**28.3. Movable tangible capital assets written off**

**MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022**

	2021/22					
	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
	Assets written off	-	-	76	2 121	-
<b>Total movable assets written off</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>2 121</b>	<b>-</b>	<b>2 197</b>

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**29. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	66 162	-	(56 511)	9 651
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>66 162</b>	<b>-</b>	<b>(56 511)</b>	<b>9 651</b>

**29.1. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	66 162	-	-	-	66 162
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>66 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66 162</b>

**30. Principal-agent arrangements**

**30.1. Department acting as the principal**

	2022/23	2021/22
	Note	
	R'000	R'000
International Labour Organisation	216	981
Independent Development Trust (Programme Support)	1 706	2 020
Independent Development Trust (Non-State Sector Programme)	87 548	44 604
Property Management Trading Entity	1 608	385
<b>Total</b>	<b>91 078</b>	<b>47 990</b>

**Description of the nature, circumstances, significant judgment applied, significant terms and conditions, any significant risks and benefits relating to the arrangements with the agents**

**International Labour Organization (ILO):** The ILO assists the Department with capacity and best practice methodology for the implementation of EPWP projects. The main purpose of this relationship is to enable support to be provided by the ILO in terms of their international expertise on Public Employment Programmes and Labour-intensive methods. In this arrangement the ILO is acting as an agent to the Department and receives 13% of the direct cost.

**Independent Development Trust (IDT):** The IDT Implements strategic priority projects for the Department. In this arrangement the IDT is acting as an agent for the Department and receives 8.5% of the project cost for project management services provided.

**Industrial Development Corporation (IDC):** The Department (DPWI) has been entrusted with administration, powers and functions

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in the Infrastructure Development Act, to provide functional leadership towards achieving the Presidential Infrastructure Coordinating Commission( PICC)'s mandate. The Department has entered into an agreement with the Industrial Development Corporation (IDC) to provide accommodation and operational services to the Technical Project Management Unit (referred to as a Technical Task Team) that supports the Department in executing its functions. In this arrangement the IDC is acting as an agent to the Department, the rights and obligations of this agreement rest with the Department (DPWI).

**Property Management Trading Entity:** The PMTE offers the service of paying the municipal service charges on behalf of the department and then recovering those costs directly from the department. For this service, the PMTE charges a 5% management fee which is invoiced and recovered from the department. The PMTE is acting as an agent with regards to the payment and recovery of these municipal service charges. The management fee for rendering this service is recognized as revenue by the PMTE.

**Resource or cost implications for the principal if the principal-agent arrangement is terminated.**

**International Labour Organization (ILO):** Should any changes occur; the Department may decide to modify or terminate the agreement, upon giving reasonable advance notice in writing, its financial contribution to the programme. (a) Such modification or termination by the Department of its financial contribution will be without prejudice to any funds irrecoverably committed in good faith and in accordance with the Memorandum by the ILO to third parties before it is notified of such modification or termination. Should the funds held by the ILO be insufficient to cover the outstanding liabilities in respect of the Memorandum, the Department will deposit the amount required for this purpose within the maximum commitment stipulated in the Memorandum. (b) Notwithstanding the completion of the project, the ILO shall continue to hold unutilized payment until all commitments and liabilities incurred in the implementation of the project have been satisfied and project activities brought to an orderly conclusion. Any balance remaining unspent after such commitment and liabilities have been satisfied shall be disposed of by the ILO in consultation with the Department. There were no significant changes in the terms and conditions during the period under review.

**Independent Development Trust (IDT):** Should an early termination of this agreement be necessitated for any reason whatsoever, the Department shall assume responsibility for all liabilities incurred in terms of this agreement and forthwith make available funding to cover all cost that the IDT has incurred and/or committed to as well as termination and other costs recoverable by third parties against the IDT. There were no significant changes in the terms and conditions during the period under review.

**Industrial Development Corporation (IDC):** Upon termination of this Agreement, for whatever reason, all amounts owing by either Party will become immediately due and payable to the other. Where required, the Parties will make a pro rata payment for that portion of the month for which the services were provided prior to such termination. The obligation to pay any amounts owing in terms of this Agreement shall survive any expiration or termination of this Agreement until such amounts have been paid in full. There were no significant changes in the terms and conditions during the period under review.

**Resources (including assets and liabilities) that are under the custodianship of the agent and whether or not those resources have been recognised or recorded by the agent.**

**International Labour Organisation (ILO):** the Department makes an advance to the ILO for the provision of technical support in agreed areas. The Department oversees the provision of support by the ILO. The ILO provides statements showing expenditure on the advance provided at regular intervals that are then expensed against the advance payments.

**Independent Development Trust (IDT):** the Department makes an advance to the IDT for the provision of technical support in agreed areas. The Department oversees the provision of support by the IDT. The IDT provides statements showing expenditure on the advance provided at regular intervals that are then expensed against the advance payments. As at 31 March 2023 the advance payment recorded in the Department's financial position amount to R1 million and it is recorded as a liability in the IDT financial statements.

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**Industrial Development Corporation (IDC):** the Department transfers a payment to the IDC to fund the operational activities of the Technical Task Team. As at 31 March 2023 the department has transferred an amount of R90 million to the IDC, and assets and liabilities held by the IDC relates to Capital Assets amounting to R2, 3 million and these assets have been recognised and recorded in the IDC financial statements.

**30.2. Department acting as the agent**

**30.2.1. Reconciliation of funds and disbursements - Current year**

Category of revenue or expenditure per arrangement	2022/23	
	Total funds received	Expenditure incurred against funds
	R'000	R'000
National Skills Fund (NSF)	33 296	(22 086)
KZN Provincial Department of Transport	301 399	(251 762)
EC Provincial Department of Transport	307 887	-
<b>Total</b>	<b>642 582</b>	<b>(273 848)</b>

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**Reconciliation of funds and disbursements - Prior year**

	2021/22	
	Total funds received	Expenditure incurred against funds
Category of revenue or expenditure per arrangement	R'000	R'000
National Skills Fund (NSF)	39 936	(26 639)
KZN Provincial Department of Transport	12 870	(6 643)
<b>Total</b>	<b>52 806</b>	<b>(33 282)</b>

**Description of the nature, circumstances, significant judgment applied, significant terms and conditions, any significant risks and benefits relating to the arrangements with the agents For each of the individual agent relationships of the department, provide a description of the nature, circumstances and terms relating to the arrangements with the principal.**

**NSF:** The Department has entered into a contractual agreement with the NSF for Supporting special projects on growth and development strategies to benefit the EPWP participants. Currently there are no significant risks identified that could affect the project.

**KZN Department of Transport & EC Department of Transport:** The Department has entered into a contractual agreement with the KZN Provincial Department of Transport & EC Provincial Department of Transport for construction of rural bridge structures in rural provinces of the Republic of South Africa and the benefits include utilization of government internal capacity and expertise in the construction of bridges, participation of all three spheres of government in the construction in line with District Development Model and quicker and cheaper construction of the bridges. Currently there are no significant risks identified that could affect the project.

**Description and explanation of assets held or liabilities incurred on behalf of the principal and shown in the department's own financial statements.**

**NSF:** The Department utilize funds advanced by the NSF towards implementation of the NSF project as outlined in the agreement. The Department provides reports showing expenditure on the advance received at regular intervals. As at 31 March 2023 the advance received for which is recorded in the Department's financial position amount to R11, 2million and Accruals amounts to R2.7 million.

**KZN Provincial Department of Transport & EC Provincial Department of Transport:** The Department utilize funds advanced by the KZN Provincial Department of Transport & EC Provincial Department of Transport towards implementation or construction of rural bridges in rural provinces of the Republic of South Africa. As at 31 March 2023 the advance received recorded in the Department's financial position amount to R49 million and R308 million respectively and the KZN Transport Accruals amounts to R6, 9million.

**Department of Basic Education (DBE):** The Department has entered into a contractual agreement with the Department of Basic Education for which the Department was appointed as an implementation agent for the schools beautification programme. As the programme progressed; financial challenges were encountered which resulted in the contract being terminated in line with the signed agreement. As at 31 March 2023 DBE owes the Department an amount totalling to R54.5 million and it is recorded in the Department statement of financial position.

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**30.2.2. Reconciliation of carrying amount of receivables and payables - current year**

**Receivables**

	2022/23				
	Opening balance 1 April 2022	Revenue principal is entitled to	Less: Write offs / settlements / waivers	Cash received on behalf of principal	Closing balance 31 March 2023
Name of principal entity	R'000	R'000	R'000	R'000	R'000
National Department of Basic Education	54 541	-	-	-	54 541
<b>Total</b>	<b>54 541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54 541</b>

**Payables**

	2022/23			
	*Opening balance 1 April 2022	Expenses incurred on behalf of the principal	Cash paid on behalf of the principal	Closing balance 31 March 2023
Name of principal entity	R'000	R'000	R'000	R'000
National Skills Fund	33 296	(22 086)	-	11 210
KZN Provincial Department of Transport	301 399	(251 762)	-	49 637
EC Provincial Department of Transport	307 887	-	-	307 887
<b>Total</b>	<b>642 582</b>	<b>(273 848)</b>	<b>-</b>	<b>368 734</b>

*\*included in the opening balance are funds received during the financial year*

**Reconciliation of carrying amount of receivables and payables - prior year**

	2021/22				
	Opening balance 1 April 2021	Revenue principal is entitled to	Less: Write offs / settlements / waivers	Cash received on behalf of principal	Closing balance 31 March 2022
Name of principal entity	R'000	R'000	R'000	R'000	R'000
National Department of Basic Education	54 541	-	-	-	54 541
<b>Total</b>	<b>54 541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54 541</b>

**Payables**

	2021/22			
	Opening balance 1 April 2021	Expenses incurred on behalf of the principal	Cash paid on behalf of the principal	Closing balance 31 March 2022
Name of principal entity	R'000	R'000	R'000	R'000
National Skills Fund	39 936	(26 639)	-	13 297
KZN Provincial Department of Transport	12 870	(6 643)	-	6 227
<b>Total</b>	<b>52 806</b>	<b>(33 282)</b>	<b>-</b>	<b>19 524</b>

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**31. Prior period errors**

**31.1. Correction of prior period errors**

		2021/22		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
<b>Assets</b>				
	<i>Note</i>			
Minor assets		115 369	311	115 680
<b>Net effect</b>		<b>115 369</b>	<b>311</b>	<b>115 680</b>

202122: Cell phones were upgraded and received in March 2022 and were not reported as at reporting date.

**Liabilities:**

Voted Funds to be surrendered to the Revenue Fund	272 015	(6 090)	265 925
<b>Net effect</b>	<b>272 015</b>	<b>(6 090)</b>	<b>265 925</b>

Unauthorized expenditure: The amount of R6 million was assessed and found not to meet the definition of unauthorized expenditure. The expenditure relates to 2007/08 to 2011/12 financial years.

**Other:**

Unauthorised Expenditure	261 169	(6 090)	255 079
<b>Net effect</b>	<b>261 169</b>	<b>(6 090)</b>	<b>255 079</b>

Unauthorized expenditure: The amount of R6 million was assessed and found not to meet the definition of unauthorized expenditure. The expenditure relates to 2007/08 to 2011/12 financial years.



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**32. Statement of conditional grants paid to the provinces**

Name of Province / Grant	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	Division of Revenue Act	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	Division of Revenue Act / Provincial grants	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
<b>Summary by province</b>													
Eastern Cape	174 909	-	-	174 909	174 909	-	-	174 909	168 116	6 793	96%	153 924	153 924
Free State	61 000	-	-	61 000	61 000	-	-	61 000	59 630	1 370	98%	59 251	59 251
Gauteng	92 354	-	-	92 354	92 354	-	-	92 354	91 800	554	99%	93 559	92 089
Kwazulu-Natal	211 665	-	-	211 665	211 655	-	-	211 655	206 928	4 737	98%	212 997	212 997
Limpopo	97 346	-	-	97 346	97 346	-	-	97 346	96 540	806	99%	101 436	101 436
Mpumalanga	51 061	-	-	51 061	51 061	-	-	51 061	49 139	1 922	96%	49 560	49 560
Northern Cape	32 563	-	-	32 563	32 563	-	-	32 563	30 101	2 462	92%	33 667	33 667
North West	71 164	-	-	71 164	71 164	-	-	71 164	62 647	8 517	88%	63 736	63 736
Western Cape	65 884	-	-	65 884	65 884	-	-	65 884	65 716	168	100%	68 800	68 800
<b>TOTAL</b>	<b>857 946</b>	<b>-</b>	<b>-</b>	<b>857 946</b>	<b>857 946</b>	<b>-</b>	<b>-</b>	<b>857 946</b>	<b>830 617</b>	<b>27 329</b>		<b>836 930</b>	<b>835 460</b>
<b>Summary by grant</b>													
EPWP Integrated Grants for Provinces	433 098	-	-	433 098	433 098	-	-	433 098	418 141	14 957	97%	422 486	421 016
Social Sector EPWP Incentive Grant for Provinces	424 848	-	-	424 848	424 848	-	-	424 848	412 476	12 372	97%	414 444	414 444

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Name of Province / Grant	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	Division of Revenue Act	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	Division of Revenue Act / Provincial grants	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
<b>TOTAL</b>	<b>857 946</b>	<b>-</b>	<b>-</b>	<b>857 946</b>	<b>857 946</b>	<b>-</b>	<b>-</b>	<b>857 946</b>	<b>830 617</b>	<b>27 329</b>		<b>836 930</b>	<b>835 460</b>
<b>EPWP Integrated Grants for Province</b>													
Eastern Cape	106 459	-	-	106 459	106 459	-	-	106 459	103 589	2 870	97%	102 099	102 099
Free State	20 943	-	-	20 943	20 943	-	-	20 943	20 695	248	99%	21 651	21 651
Gauteng	40 105	-	-	40 105	40 105	-	-	40 105	39 901	204	99%	48 838	47 368
Kwazulu-Natal	111 866	-	-	111 866	111 866	-	-	111 866	110 717	1 149	99%	114 398	114 398
Limpopo	37 280	-	-	37 280	37 280	-	-	37 280	36 603	677	98%	33 749	33 749
Mpumalanga	25 491	-	-	25 491	25 491	-	-	25 491	25 394	97	100%	22 736	22 736
Northern Cape	16 421	-	-	16 421	16 421	-	-	16 421	13 892	2 529	85%	16 390	16 390
North West	44 394	-	-	44 394	44 394	-	-	44 394	37 292	7 102	84%	32 852	32 852
Western Cape	30 139	-	-	30 139	30 139	-	-	30 139	30 058	81	100%	29 773	29 773
<b>TOTAL</b>	<b>433 098</b>	<b>-</b>	<b>-</b>	<b>433 098</b>	<b>433 098</b>	<b>-</b>	<b>-</b>	<b>433 098</b>	<b>418 141</b>	<b>14 957</b>		<b>422 486</b>	<b>421 016</b>

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Name of Province / Grant	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	Division of Revenue Act	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	Division of Revenue Act / Provincial grants	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
<b>Social Sector EPWP Incentive Grant for Provinces</b>													
Eastern Cape	68 450	-	-	68 450	68 450	-	-	68 450	64 527	3 923	94%	51 825	51 825
Free State	40 057	-	-	40 057	40 057	-	-	40 057	38 935	1 122	97%	37 600	37 600
Gauteng	52 249	-	-	52 249	52 249	-	-	52 249	51 899	350	99%	44 721	44 721
Kwazulu-Natal	99 799	-	-	99 799	99 799	-	-	99 799	96 211	3 588	96%	98 599	98 599
Limpopo	60 066	-	-	60 066	60 066	-	-	60 066	59 937	129	100%	67 687	67 687
Mpumalanga	25 570	-	-	25 570	25 570	-	-	25 570	23 745	1 825	93%	26 824	26 824
Northern Cape	16 142	-	-	16 142	16 142	-	-	16 142	16 209	(67)	100%	17 277	17 277
North West	26 770	-	-	26 770	26 770	-	-	26 770	25 355	1 415	95%	30 884	30 884
Western Cape	35 745	-	-	35 745	35 745	-	-	35 745	35 658	87	100%	39 027	39 027
<b>TOTAL</b>	424 848	-	-	424 848	424 848	-	-	424 848	412 476	12 372		414 444	414 444
<b>The Departments certifies that all transfers to Provinces were deposited into the primary bank account in terms of the Division of Revenue Act (DORA) requirements.</b>													

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Name of municipality	2022/23							2021/22	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Buffalo City	10 728	-	-	10 728	10 728	-	-	7 300	7 300
Nelson Mandela Bay	9 884	-	-	9 884	9 884	-	-	7 116	7 116
Dr Beyers Naude ( Camdeboo)	1 624	-	-	1 624	1 624	-	-	1 552	1 552
Blue Crane Route	1 302	-	-	1 302	1 302	-	-	1 369	1 369
Makana	1 333	-	-	1 333	1 333	-	-	1 159	1 159
Ndlambe	1 730	-	-	1 730	1 730	-	-	1 144	1 144
Sundays River Valley	1 206	-	-	1 206	1 206	-	-	1 237	1 237
Kouga	1 175	-	-	1 175	1 175	-	-	1 423	1 423
Kou-Kamma	1 270	-	-	1 270	1 270	-	-	1 263	1 263
Sarah Baartman District Municipality	1 073	-	-	1 073	1 073	-	-	1 075	1 075
Mbhashe	3 498	-	-	3 498	3 498	-	-	4 622	4 622
Mnquma	2 015	-	-	2 015	2 015	-	-	2 418	2 418
Great Kei	1 050	-	-	1 050	1 050	-	-	1 079	1 079
Amahlathi	1 568	-	-	1 568	1 568	-	-	1 263	1 263
Ngqushwa	2 060	-	-	2 060	2 060	-	-	3 320	3 320
EC 129 Raymond Mhlaba (Nkonkobe/Nxuba)	2 838	-	-	2 838	2 838	-	-	2 900	2 900
Amathole District Municipality	4 999	-	-	4 999	4 999	-	-	3 860	3 860
Inxuba Yethemba	1 778	-	-	1 778	1 778	-	-	1 542	1 542

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Name of municipality	2022/23							2021/22	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Intsika Yethu	2 398	-	-	2 398	2 398	-	-	2 042	2 042
Emalahleni	1 692	-	-	1 692	1 692	-	-	2 003	2 003
Engcobo	3 712	-	-	3 712	3 712	-	-	2 738	2 738
Sakhisizwe	1 522	-	-	1 522	1 522	-	-	1 542	1 542
EC139 Enoch Mgigima (Tsolwana/Inkwanca/Lukanji)	3 088	-	-	3 088	3 088	-	-	3 498	3 498
Chris Hani District Municipality	3 630	-	-	3 630	3 630	-	-	3 838	3 838
Elundini	2 539	-	-	2 539	2 539	-	-	2 569	2 569
Senqu	1 658	-	-	1 658	1 658	-	-	2 566	2 566
EC 145 Walter Sisulu (Maletswai/Gariep)	1 352	-	-	1 352	1 352	-	-	1 328	1 328
Joe Gqabi District Municipality	1 314	-	-	1 314	1 314	-	-	1 559	1 559
Ngquza Hill	1 616	-	-	1 616	1 616	-	-	1 385	1 385
Port St Johns	1 582	-	-	1 582	1 582	-	-	1 593	1 593
Nyandeni	1 859	-	-	1 859	1 859	-	-	1 716	1 716
Mhlontlo	2 300	-	-	2 300	2 300	-	-	2 321	2 321
King Sabata Dalindyebo	4 191	-	-	4 191	4 191	-	-	3 764	3 764
O.R. Tambo District Municipality	11 542	-	-	11 542	11 542	-	-	9 245	9 245
Matatiele	4 810	-	-	4 810	4 810	-	-	4 887	4 887
Umzimvubu	3 352	-	-	3 352	3 352	-	-	3 413	3 413
Mbizana	3 687	-	-	3 687	3 687	-	-	3 570	3 570
Ntabankulu	2 794	-	-	2 794	2 794	-	-	1 987	1 987

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Name of municipality	2022/23							2021/22	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Alfred Nzo District Municipality	9 337	-	-	9 337	9 337	-	-	9 740	9 740
Mangaung	1 566	-	-	1 566	1 566	-	-	1 316	1 316
Letsemeng	1 073	-	-	1 073	1 073	-	-	1 124	1 124
Kopanong	1 204	-	-	1 204	1 204	-	-	1 202	1 202
Mohokare	1 073	-	-	1 073	1 073	-	-	1 131	1 131
Xhariep District Municipality	1 120	-	-	1 120	1 120	-	-	1 144	1 144
Masilonyana	1 295	-	-	1 295	1 295	-	-	1 075	1 075
Tokologo	1 073	-	-	1 073	1 073	-	-	-	-
Tswelopele	1 141	-	-	1 141	1 141	-	-	985	985
Matjhabeng	5 191	-	-	5 191	5 191	-	-	2 964	2 964
Nala	1 398	-	-	1 398	1 398	-	-	1 010	1 010
Lejweleputswa District Municipality	1 265	-	-	1 265	1 265	-	-	1 178	1 178
Setsoto	2 188	-	-	2 188	2 188	-	-	1 989	1 989
Dihlabeng	5 591	-	-	5 591	5 591	-	-	5 176	5 176
Nketoana	1 073	-	-	1 073	1 073	-	-	1 075	1 075
Maluti-a-Phofung	6 165	-	-	6 165	6 165	-	-	6 232	6 232
Phumelela	1 130	-	-	1 130	1 130	-	-	1 180	1 180
Mantsopa	1 337	-	-	1 337	1 337	-	-	1 134	1 134
Thabo Mofutsanyana District Municipality	5 356	-	-	5 356	5 356	-	-	5 548	5 548
Moqhaka	1 428	-	-	1 428	1 428	-	-	1 392	1 392

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	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Ngwathe	2 240	-	-	2 240	2 240	-	-	1 672	1 672
Metsimaholo	1 523	-	-	1 523	1 523	-	-	1 622	1 622
Mafube	1 277	-	-	1 277	1 277	-	-	1 075	1 075
Ekurhuleni	24 041	-	-	24 041	24 041	-	-	20 669	20 669
City of Johannesburg	7 700	-	-	7 700	7 700	-	-	8 529	8 529
City of Tshwane	15 496	-	-	15 496	15 496	-	-	19 031	19 031
Emfuleni	1 799	-	-	1 799	1 799	-	-	3 360	3 360
Midvaal	2 553	-	-	2 553	2 553	-	-	1 539	1 539
Lesedi	1 228	-	-	1 228	1 228	-	-	1 100	1 100
Sedibeng District Municipality	1 283	-	-	1 283	1 283	-	-	1 023	1 023
Mogale City	8 123	-	-	8 123	8 123	-	-	7 702	7 702
Merafong City	1 062	-	-	1 062	1 062	-	-	-	-
Rand West City(GT485 Randfnt&Wstrnd)	3 878	-	-	3 878	3 878	-	-	2 933	2 933
West Rand District Municipality	1 221	-	-	1 221	1 221	-	-	1 090	1 090
eThekweni	61 257	-	-	61 257	61 257	-	-	81 691	81 691
uMdoni	1 772	-	-	1 772	1 772	-	-	1 976	1 976
uMzumbe	1 699	-	-	1 699	1 699	-	-	1 658	1 658
uMuziwabantu	981	-	-	981	981	-	-	980	980
Ray Nkonyeni (Hibiscus Coast)	6 076	-	-	6 076	6 076	-	-	5 558	5 558
Ugu District Municipality	3 319	-	-	3 319	3 319	-	-	3 611	3 611

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	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
uMshwathi	1 820	-	-	1 820	1 820	-	-	1 376	1 376
uMngeni	1 400	-	-	1 400	1 400	-	-	980	980
Mpofana	1 216	-	-	1 216	1 216	-	-	1 136	1 136
iMpendle	1 430	-	-	1 430	1 430	-	-	1 221	1 221
Msunduzi	5 231	-	-	5 231	5 231	-	-	3 516	3 516
Mkhambathini	1 671	-	-	1 671	1 671	-	-	1 329	1 329
Richmond	1 287	-	-	1 287	1 287	-	-	1 101	1 101
uMgungundlovu District Municipality	2 287	-	-	2 287	2 287	-	-	2 299	2 299
Okhahlamba	3 638	-	-	3 638	3 638	-	-	2 513	2 513
iNkosi Langalibalele(KZN 237 Umtshezi)	2 043	-	-	2 043	2 043	-	-	2 114	2 114
Alfred Duma(KZN 238 Ladysmith)	2 993	-	-	2 993	2 993	-	-	4 143	4 143
uThukela District Municipality	2 881	-	-	2 881	2 881	-	-	3 516	3 516
eNdumeni	1 577	-	-	1 577	1 577	-	-	1 589	1 589
Nquthu	1 546	-	-	1 546	1 546	-	-	1 260	1 260
uMsinga	4 867	-	-	4 867	4 867	-	-	3 989	3 989
uMvoti	2 704	-	-	2 704	2 704	-	-	-	-
uMzinyathi District Municipality	4 779	-	-	4 779	4 779	-	-	4 841	4 841
Newcastle	3 753	-	-	3 753	3 753	-	-	2 948	2 948
eMadlangeni	978	-	-	978	978	-	-	-	-
Dannhauser	950	-	-	950	950	-	-	-	-



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	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Amajuba District Municipality	1 902	-	-	1 902	1 902	-	-	1 693	1 693
eDumbe	1 500	-	-	1 500	1 500	-	-	1 231	1 231
uPhongolo	2 978	-	-	2 978	2 978	-	-	2 504	2 504
AbaQulusi	2 773	-	-	2 773	2 773	-	-	2 515	2 515
Nongoma	2 946	-	-	2 946	2 946	-	-	1 868	1 868
Ulundi	4 711	-	-	4 711	4 711	-	-	3 660	3 660
Zululand District Municipality	8 517	-	-	8 517	8 517	-	-	9 612	9 612
uMhlabuyalingana	1 975	-	-	1 975	1 975	-	-	1 759	1 759
Jozini	4 095	-	-	4 095	4 095	-	-	3 296	3 296
Mtubatuba	2 077	-	-	2 077	2 077	-	-	1 028	1 028
Big Five Hlabisa KZN 276	2 304	-	-	2 304	2 304	-	-	1 545	1 545
uMkhanyakude District Municipality	6 993	-	-	6 993	6 993	-	-	5 846	5 846
uMfolozi	1 847	-	-	1 847	1 847	-	-	1 557	1 557
uMhlathuze	3 213	-	-	3 213	3 213	-	-	3 417	3 417
uMlalazi	4 098	-	-	4 098	4 098	-	-	3 416	3 416
Mthonjaneni	2 536	-	-	2 536	2 536	-	-	1 891	1 891
Nkandla	3 626	-	-	3 626	3 626	-	-	3 552	3 552
King Cetshwayo (Uthungulu)	4 742	-	-	4 742	4 742	-	-	4 619	4 619
Mandeni	2 372	-	-	2 372	2 372	-	-	2 435	2 435
KwaDukuza	1 868	-	-	1 868	1 868	-	-	1 732	1 732

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	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Ndwedwe	2 277	-	-	2 277	2 277	-	-	2 412	2 412
Maphumulo	2 081	-	-	2 081	2 081	-	-	1 786	1 786
iLembe District Municipality	5 439	-	-	5 439	5 439	-	-	6 363	6 363
Greater Kokstad	4 266	-	-	4 266	4 266	-	-	4 628	4 628
uBuhlebezwe	2 245	-	-	2 245	2 245	-	-	2 131	2 131
uMzimkhulu	3 573	-	-	3 573	3 573	-	-	3 377	3 377
KZN Ingwe/Kwa Sani	2 476	-	-	2 476	2 476	-	-	2 323	2 323
Harry Gwala District Municipality	5 221	-	-	5 221	5 221	-	-	4 596	4 596
Greater Giyani	4 035	-	-	4 035	4 035	-	-	3 851	3 851
Greater Letaba	2 139	-	-	2 139	2 139	-	-	1 918	1 918
Greater Tzaneen	8 065	-	-	8 065	8 065	-	-	8 463	8 463
Ba-Phalaborwa	1 186	-	-	1 186	1 186	-	-	1 195	1 195
Maruleng	1 246	-	-	1 246	1 246	-	-	1 175	1 175
Mopani District Municipality	10 600	-	-	10 600	10 600	-	-	10 129	10 129
LIM341(Musina)	1 390	-	-	1 390	1 390	-	-	1 715	1 715
LIM343 (Thulamela)	4 864	-	-	4 864	4 864	-	-	6 069	6 069
Makhado	3 259	-	-	3 259	3 259	-	-	2 280	2 280
LIM 345(Collins Chabane)	1 759	-	-	1 759	1 759	-	-	1 784	1 784
Vhembe District Municipality	4 754	-	-	4 754	4 754	-	-	2 245	2 245
Blouberg	1 950	-	-	1 950	1 950	-	-	1 266	1 266

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	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Molemole	1 407	-	-	1 407	1 407	-	-	1 429	1 429
Polokwane	11 570	-	-	11 570	11 570	-	-	7 971	7 971
Lepele-Nkumpi	1 380	-	-	1 380	1 380	-	-	1 969	1 969
Capricorn District Municipality	3 747	-	-	3 747	3 747	-	-	3 866	3 866
Thabazimbi	1 256	-	-	1 256	1 256	-	-	1 256	1 256
Lephalale	1 292	-	-	1 292	1 292	-	-	1 220	1 220
Bela-Bela	1 502	-	-	1 502	1 502	-	-	1 353	1 353
Mogalakwena	1 161	-	-	1 161	1 161	-	-	1 292	1 292
LIM 368 Modimolle/Mookgopong	2 041	-	-	2 041	2 041	-	-	2 245	2 245
Ephraim Mogale	1 310	-	-	1 310	1 310	-	-	1 195	1 195
Elias Motsoaledi	1 796	-	-	1 796	1 796	-	-	2 199	2 199
Makhuduthamaga	1 925	-	-	1 925	1 925	-	-	1 825	1 825
LIM 476 Greater Tubatse/Fetakgomo	1 285	-	-	1 285	1 285	-	-	1 688	1 688
Sekhukhune District Municipality	13 010	-	-	13 010	13 010	-	-	8 180	8 180
Chief Albert Luthuli	2 227	-	-	2 227	2 227	-	-	1 391	1 391
Msukaligwa	1 766	-	-	1 766	1 766	-	-	1 986	1 986
Mkhondo	2 855	-	-	2 855	2 855	-	-	2 211	2 211
Dr Pixley ka Isaka Seme	1 874	-	-	1 874	1 874	-	-	1 059	1 059
Lekwa	1 855	-	-	1 855	1 855	-	-	2 471	2 471
Dipaleseng	1 444	-	-	1 444	1 444	-	-	1 485	1 485

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	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Govan Mbeki	2 629	-	-	2 629	2 629	-	-	1 677	1 677
Gert Sibande District Municipality	2 595	-	-	2 595	2 595	-	-	2 752	2 752
Victor Khanye	2 284	-	-	2 284	2 284	-	-	3 191	3 191
Emalahleni	6 151	-	-	6 151	6 151	-	-	6 015	6 015
Steve Tshwete	4 780	-	-	4 780	4 780	-	-	4 590	4 590
Emakhazeni	1 473	-	-	1 473	1 473	-	-	1 307	1 307
Thembisile Hani	3 735	-	-	3 735	3 735	-	-	2 127	2 127
Dr JS Moroka	2 432	-	-	2 432	2 432	-	-	1 451	1 451
Nkangala District Municipality	2 315	-	-	2 315	2 315	-	-	2 551	2 551
Thaba Chweu	1 932	-	-	1 932	1 932	-	-	1 836	1 836
Nkomazi	4 621	-	-	4 621	4 621	-	-	6 125	6 125
Bushbuckridge	5 219	-	-	5 219	5 219	-	-	5 379	5 379
City of Mbombela	8 555	-	-	8 555	8 555	-	-	7 036	7 036
Ehlanzeni District Municipality	2 457	-	-	2 457	2 457	-	-	3 234	3 234
Richtersveld	950	-	-	950	950	-	-	1 169	1 169
Nama Khoi	1 212	-	-	1 212	1 212	-	-	1 075	1 075
Kamiesberg	950	-	-	950	950	-	-	1 567	1 567
Hantam	1 564	-	-	1 564	1 564	-	-	-	-
Karoo Hoogland	1 073	-	-	1 073	1 073	-	-	-	-
Namakwa District Municipality	1 073	-	-	1 073	1 073	-	-	-	-

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	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Ubuntu	950	-	-	950	950	-	-	-	-
Umsobomvu	1 073	-	-	1 073	1 073	-	-	1 075	1 075
Emthanjeni	1 073	-	-	1 073	1 073	-	-	1 389	1 389
Kareeberg	950	-	-	950	950	-	-	980	980
Renosterberg	1 073	-	-	1 073	1 073	-	-	1 075	1 075
Thembelihle	1 077	-	-	1 077	1 077	-	-	1 075	1 075
Siyathemba	1 073	-	-	1 073	1 073	-	-	1 087	1 087
Siyancuma	1 073	-	-	1 073	1 073	-	-	-	-
Pixley Ka Seme District Municipality	1 073	-	-	1 073	1 073	-	-	1 075	1 075
IKai !Garib	1 120	-	-	1 120	1 120	-	-	1 142	1 142
IKheis	1 073	-	-	1 073	1 073	-	-	980	980
Tsantsabane	1 070	-	-	1 070	1 070	-	-	-	-
Kgatelopele	1 073	-	-	1 073	1 073	-	-	1 075	1 075
NC087 Khara Hais/Mier	1 073	-	-	1 073	1 073	-	-	1 113	1 113
Z.F. Mqawu District Municipality	1 073	-	-	1 073	1 073	-	-	-	-
Sol Plaatjie	3 959	-	-	3 959	3 959	-	-	3 362	3 362
Dikgatlong	1 073	-	-	1 073	1 073	-	-	950	950
Magareng	1 073	-	-	1 073	1 073	-	-	1 121	1 121
Frances Baard District Municipality	1 073	-	-	1 073	1 073	-	-	1 077	1 077
Joe Morolong	1 139	-	-	1 139	1 139	-	-	1 126	1 126

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	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Ga-Segonyana	1 519	-	-	1 519	1 519	-	-	1 421	1 421
Gamagara	1 073	-	-	1 073	1 073	-	-	1 004	1 004
John Taolo Gaetsewe District Municipality	1 073	-	-	1 073	1 073	-	-	1 075	1 075
Moretele	1 998	-	-	1 998	1 998	-	-	2 344	2 344
Madibeng	1 094	-	-	1 094	1 094	-	-	1 175	1 175
Rustenburg	2 853	-	-	2 853	2 853	-	-	6 388	6 388
Kgetlengrivier	1 000	-	-	1 000	1 000	-	-	980	980
Moses Kotane	1 652	-	-	1 652	1 652	-	-	1 708	1 708
Bojanala Platinum District Municipality	1 546	-	-	1 546	1 546	-	-	1 468	1 468
Ratlou	1 231	-	-	1 231	1 231	-	-	1 524	1 524
Tswaing	1 685	-	-	1 685	1 685	-	-	1 900	1 900
Mafikeng	2 238	-	-	2 238	2 238	-	-	1 595	1 595
Ditsobotla	1 081	-	-	1 081	1 081	-	-	1 510	1 510
Ramotshere Moiloa	1 383	-	-	1 383	1 383	-	-	1 212	1 212
Ngaka Modiri Molema District Municipality	2 040	-	-	2 040	2 040	-	-	2 140	2 140
Naledi	1 214	-	-	1 214	1 214	-	-	1 379	1 379
Mamusa	1 449	-	-	1 449	1 449	-	-	1 323	1 323
Greater Taung	2 255	-	-	2 255	2 255	-	-	1 709	1 709
Lekwa-Teemane	1 270	-	-	1 270	1 270	-	-	1 075	1 075
Kagisano-Molopo	2 244	-	-	2 244	2 244	-	-	2 775	2 775

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	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Dr Ruth Segomotsi Mompati District Municipality	1 396	-	-	1 396	1 396	-	-	1 835	1 835
City of Matlosana	2 181	-	-	2 181	2 181	-	-	1 786	1 786
Maquassi Hills	1 544	-	-	1 544	1 544	-	-	1 386	1 386
NW405 JB Marks (Ventersdorp/Tlokwe)	2 339	-	-	2 339	2 339	-	-	2 204	2 204
Dr Kenneth Kaunda District Municipality	2 379	-	-	2 379	2 379	-	-	2 122	2 122
City of Cape Town	42 406	-	-	42 406	42 406	-	-	49 772	49 772
Matzikama	1 569	-	-	1 569	1 569	-	-	1 836	1 836
Cederberg	1 359	-	-	1 359	1 359	-	-	1 755	1 755
Bergviver	1 662	-	-	1 662	1 662	-	-	2 075	2 075
Saldanha Bay	2 907	-	-	2 907	2 907	-	-	2 646	2 646
Swartland	1 873	-	-	1 873	1 873	-	-	1 832	1 832
West Coast District Municipality	1 194	-	-	1 194	1 194	-	-	1 401	1 401
Witzenberg	2 237	-	-	2 237	2 237	-	-	2 617	2 617
Drakenstein	4 139	-	-	4 139	4 139	-	-	3 287	3 287
Stellenbosch	4 928	-	-	4 928	4 928	-	-	5 998	5 998
Breede Valley	3 301	-	-	3 301	3 301	-	-	2 965	2 965
Langeberg	2 647	-	-	2 647	2 647	-	-	2 210	2 210
Cape Winelands District Municipality	1 369	-	-	1 369	1 369	-	-	1 413	1 413
Theewaterskloof	2 077	-	-	2 077	2 077	-	-	1 721	1 721
Overstrand	2 593	-	-	2 593	2 593	-	-	2 530	2 530

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	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Cape Agulhas	1 773	-	-	1 773	1 773	-	-	2 297	2 297
Swellendam	1 497	-	-	1 497	1 497	-	-	1 682	1 682
Overberg District Municipality	1 123	-	-	1 123	1 123	-	-	1 053	1 053
Kannaland	1 031	-	-	1 031	1 031	-	-	1 359	1 359
Hessequa	1 164	-	-	1 164	1 164	-	-	1 154	1 154
Mossel Bay	1 935	-	-	1 935	1 935	-	-	1 672	1 672
George	1 990	-	-	1 990	1 990	-	-	3 068	3 068
Oudtshoorn	1 310	-	-	1 310	1 310	-	-	1 784	1 784
Bitou	1 155	-	-	1 155	1 155	-	-	996	996
Knysna	1 044	-	-	1 044	1 044	-	-	1 118	1 118
Eden District Municipality	2 440	-	-	2 440	2 440	-	-	2 071	2 071
Laingsburg	1 074	-	-	1 074	1 074	-	-	1 098	1 098
Prince Albert	1 237	-	-	1 237	1 237	-	-	1 243	1 243
Beaufort West	1 136	-	-	1 136	1 136	-	-	1 285	1 285
Central Karoo District Municipality	1 321	-	-	1 321	1 321	-	-	1 269	1 269
	<b>778 395</b>	<b>-</b>	<b>-</b>	<b>778 395</b>	<b>778 395</b>	<b>-</b>	<b>-</b>	<b>758 693</b>	<b>758 693</b>
<i>The Departments certifies that all transfers to Municipalities were deposited into the primary bank account in terms of the Division of Revenue Act (DORA) requirements.</i>									



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**34. Broad Based Black Economic Empowerment performance**

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

**35. COVID 19 Response expenditure**

		2022/23	2021/22
	Note	R'000	R'000
Goods and services		1	236
<b>Total</b>	<i>Annex 6</i>	<b>1</b>	<b>236</b>

*Include discussion here where deemed relevant.*

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 1A**

**STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Buffalo City Metro	10 728	-	-	10 728	10 728	-	-	10 728	10 728	-	100%	7 300	7 300
Nelson Mandela Bay Metro	9 884	-	-	9 884	9 884	-	-	9 884	9 884	-	100%	7 116	7 116
Camdeboo	1 624	-	-	1 624	1 624	-	-	1 624	1 624	-	100%	1 552	1 552
Blue Crane Route	1 302	-	-	1 302	1 302	-	-	1 302	966	336	74%	1 369	1 369
Makana	1 333	-	-	1 333	1 333	-	-	1 333	889	444	67%	1 159	1 159
Ndlambe	1 730	-	-	1 730	1 730	-	-	1 730	1 385	345	80%	1 144	1 144
Sundays River Valley	1 206	-	-	1 206	1 206	-	-	1 206	1 146	60	95%	1 237	1 237
Kouga	1 175	-	-	1 175	1 175	-	-	1 175	1 175	-	100%	1 423	1 423
Kou-Kamma	1 270	-	-	1 270	1 270	-	-	1 270	898	372	71%	1 263	1 263
Sarah Baartman District Municipality	1 073	-	-	1 073	1 073	-	-	1 073	955	118	89%	1 075	1 075
Mbhashe	3 498	-	-	3 498	3 498	-	-	3 498	3 498	-	100%	4 622	4 622
Mnquma	2 015	-	-	2 015	2 015	-	-	2 015	1 820	195	90%	2 418	2 418
Great Kei	1 050	-	-	1 050	1 050	-	-	1 050	691	359	66%	1 079	1 079
Amahlathi	1 568	-	-	1 568	1 568	-	-	1 568	1 149	419	73%	1 263	1 263

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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Ngqushwa	2 060	-	-	2 060	2 060	-	-	2 060	1 894	166	92%	3 320	3 320
EC 129 Raymond Mhlaba (Nkonkobe/Nxuba )	2 838	-	-	2 838	2 838	-	-	2 838	2 838	-	100%	2 900	2 900
Amathole District Municipality	4 999	-	-	4 999	4 999	-	-	4 999	2 978	2 021	60%	3 860	3 860
Inxuba Yethemba	1 778	-	-	1 778	1 778	-	-	1 778	1 778	-	100%	1 542	1 542
Intsika Yethu	2 398	-	-	2 398	2 398	-	-	2 398	2 398	-	100%	2 042	2 042
Emalahleni (EC)	1 692	-	-	1 692	1 692	-	-	1 692	1 339	353	79%	2 003	2 003
Engcobo	3 712	-	-	3 712	3 712	-	-	3 712	2 008	1 704	54%	2 738	2 738
Sakhisizwe	1 522	-	-	1 522	1 522	-	-	1 522	1 465	57	96%	1 542	1 542
EC139 Enoch Mgigima (Tsolwana/Inkwanca/Lukanji)	3 088	-	-	3 088	3 088	-	-	3 088	3 088	-	100%	3 498	3 498
Chris Hani District Municipality	3 630	-	-	3 630	3 630	-	-	3 630	3 630	-	100%	3 838	3 838
Elundini	2 539	-	-	2 539	2 539	-	-	2 539	2 269	270	89%	2 569	2 569
Senqu	1 658	-	-	1 658	1 658	-	-	1 658	1 658	-	100%	2 566	2 566
EC 145 Walter Sisulu (Maletswai/Gariep Loc Mun)	1 352	-	-	1 352	1 352	-	-	1 352	1 318	34	97%	1 328	1 328
Joe Gqabi District Municipality	1 314	-	-	1 314	1 314	-	-	1 314	1 107	207	84%	1 559	1 559
Ngquza Hill	1 616	-	-	1 616	1 616	-	-	1 616	1 616	-	100%	1 385	1 385

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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Port St Johns	1 582	-	-	1 582	1 582	-	-	1 582	1 582	-	100%	1 593	1 593
Nyandeni	1 859	-	-	1 859	1 859	-	-	1 859	1 599	260	86%	1 716	1 716
Mhlontlo	2 300	-	-	2 300	2 300	-	-	2 300	1 489	811	65%	2 321	2 321
King Sabata Dalindyebo	4 191	-	-	4 191	4 191	-	-	4 191	4 191	-	100%	3 764	3 764
O.R. Tambo District Municipality	11 542	-	-	11 542	11 542	-	-	11 542	7 408	4 134	64%	9 245	9 245
Matatiele	4 810	-	-	4 810	4 810	-	-	4 810	3 619	1 191	75%	4 887	4 887
Umzimvubu	3 352	-	-	3 352	3 352	-	-	3 352	3 246	106	97%	3 413	3 413
Mbizana	3 687	-	-	3 687	3 687	-	-	3 687	3 687	-	100%	3 570	3 570
Ntabankulu	2 794	-	-	2 794	2 794	-	-	2 794	2 630	164	94%	1 987	1 987
Alfred Nzo District Municipality	9 337	-	-	9 337	9 337	-	-	9 337	5 805	3 532	62%	9 740	9 740
Mangaung Metro	1 566	-	-	1 566	1 566	-	-	1 566	874	692	56%	1 316	1 316
Letsemeng	1 073	-	-	1 073	1 073	-	-	1 073	264	809	25%	1 124	1 124
Kopanong	1 204	-	-	1 204	1 204	-	-	1 204	488	716	41%	1 202	1 202
Mohokare	1 073	-	-	1 073	1 073	-	-	1 073	866	207	81%	1 131	1 131
Xhariep District Municipality	1 120	-	-	1 120	1 120	-	-	1 120	1 020	100	91%	1 144	1 144
Masilonyana	1 295	-	-	1 295	1 295	-	-	1 295	-	1 295	0%	1 075	1 075
Tokologo	1 073	-	-	1 073	1 073	-	-	1 073	-	1 073	0%	-	-
Tswelopele	1 141	-	-	1 141	1 141	-	-	1 141	1 141	-	100%	985	985
Matjhabeng	5 191	-	-	5 191	5 191	-	-	5 191	-	5 191	0%	2 964	2 964

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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Nala	1 398	-	-	1 398	1 398	-	-	1 398	1 318	80	94%	1 010	1 010
Lejweleputswa District Municipality	1 265	-	-	1 265	1 265	-	-	1 265	1 265	-	100%	1 178	1 178
Setsoto	2 188	-	-	2 188	2 188	-	-	2 188	1 910	278	87%	1 989	1 989
Dihlabeng	5 591	-	-	5 591	5 591	-	-	5 591	3 088	2 503	55%	5 176	5 176
Nketoana	1 073	-	-	1 073	1 073	-	-	1 073	1073	-	100%	1 075	1 075
Maluti-a-Phofung	6 165	-	-	6 165	6 165	-	-	6 165	6 165	-	100%	6 232	6 232
Phumelela	1 130	-	-	1 130	1 130	-	-	1 130	921	209	82%	1 180	1 180
Mantsopa	1 337	-	-	1 337	1 337	-	-	1 337	1 337	-	100%	1 134	1 134
Thabo Mofutsanyana District Municipality	5 356	-	-	5 356	5 356	-	-	5 356	3 198	2 158	60%	5 548	5 548
Moqhaka	1 428	-	-	1 428	1 428	-	-	1 428	1 056	372	74%	1 392	1 392
Ngwathe	2 240	-	-	2 240	2 240	-	-	2 240	2 048	192	91%	1 672	1 672
Metsimaholo	1 523	-	-	1 523	1 523	-	-	1 523	1 075	448	71%	1 622	1 622
Mafube	1 277	-	-	1 277	1 277	-	-	1 277	374	903	29%	1 075	1 075
Ekurhuleni Metro	24 041	-	-	24 041	24 041	-	-	24 041	15 035	9,006	63%	20 669	20 669
City of Johannesburg	7 700	-	-	7 700	7 700	-	-	7 700	4 250	3,450	55%	8 529	8 529
City of Tshwane	15 496	-	-	15 496	15 496	-	-	15 496	15 496	-	100%	19 031	19 031
Emfuleni	1 799	-	-	1 799	1 799	-	-	1 799	1 799	-	100%	3 360	3 360
Midvaal	2 553	-	-	2 553	2 553	-	-	2 553	2 553	-	100%	1 539	1 539
Lesedi	1 228	-	-	1 228	1 228	-	-	1 228	773	455	63%	1 100	1 100

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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Sedibeng District Municipality	1 283	-	-	1 283	1 283	-	-	1 283	669	614	52%	1 023	1 023
Mogale city	8 123	-	-	8 123	8 123	-	-	8 123	8 123	-	100%	7 702	7 702
Merafong City	1 062	-	-	1 062	1 062	-	-	1 062	1 002	60	94%	-	-
GT485 Rand West (Randfontein & West Rand)	3 878	-	-	3 878	3 878	-	-	3 878	3 711	167	96%	2 933	2 933
West Rand District Municipality	1 221	-	-	1 221	1 221	-	-	1 221	895	326	73%	1 090	1 090
eThekweni	61 257	-	-	61 257	61 257	-	-	61 257	61 257	-	100%	81 691	81 691
uMdoni	1 772	-	-	1 772	1 772	-	-	1 772	1 772	-	100%	1 976	1 976
uMzumbane	1 699	-	-	1 699	1 699	-	-	1 699	1 002	697	59%	1 658	1 658
uMuziwabantu	981	-	-	981	981	-	-	981	718	263	73%	980	980
Hibiscus Coast	6 076	-	-	6 076	6 076	-	-	6 076	4 385	1 691	72%	5 558	5 558
Ugu District Municipality	3 319	-	-	3 319	3 319	-	-	3 319	1 840	1 479	55%	3 611	3 611
uMshwathi	1 820	-	-	1 820	1 820	-	-	1 820	1 820	-	100%	1 376	1 376
uMgeni	1 400	-	-	1 400	1 400	-	-	1 400	1 003	397	72%	980	980
Mpofana	1 216	-	-	1 216	1 216	-	-	1 216	954	262	78%	1 136	1 136
iMpendle	1 430	-	-	1 430	1 430	-	-	1 430	1 430	-	100%	1 221	1 221
Msunduzi	5 231	-	-	5 231	5 231	-	-	5 231	4 971	260	95%	3 516	3 516
Mkhambathi	1 671	-	-	1 671	1 671	-	-	1 671	1 671	-	100%	1 329	1 329
Richmond	1 287	-	-	1 287	1 287	-	-	1 287	878	409	68%	1 101	1 101

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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
uMgungundlovu District Municipality	2 287	-	-	2 287	2 287	-	-	2 287	1 496	791	65%	2 299	2 299
Okhahlamba	3 638	-	-	3 638	3 638	-	-	3 638	3 638	-	100%	2 513	2 513
KZN 237 Umtshezi/imbabazane LC Mu	2 043	-	-	2 043	2 043	-	-	2 043	2 043	-	100%	2 114	2 114
KZN 238 Ladysmith/ indaka loc Mun	2 993	-	-	2 993	2 993	-	-	2 993	2 993	-	100%	4 143	4 143
uThukela District Municipality	2 881	-	-	2 881	2 881	-	-	2 881	1 904	977	66%	3 516	3 516
eNdumeni	1 577	-	-	1 577	1 577	-	-	1 577	973	604	62%	1 589	1 589
Nquthu	1 546	-	-	1 546	1 546	-	-	1 546	1 546	-	100%	1 260	1 260
uMsinga	4 867	-	-	4 867	4 867	-	-	4 867	4 867	-	100%	3 989	3 989
uMvoti	2 704	-	-	2 704	2 704	-	-	2 704	2 704	-	100%	-	-
uMzinyathi District Municipality	4 779	-	-	4 779	4 779	-	-	4 779	1 971	2 808	41%	4 841	4 841
Newcastle	3 753	-	-	3 753	3 753	-	-	3 753	2 890	863	77%	2 948	2 948
eMadlangeni	978	-	-	978	978	-	-	978	978	-	100%	-	-
Dannhauser	950	-	-	950	950	-	-	950	716	234	75%	-	-
Amajuba District Municipality	1 902	-	-	1 902	1 902	-	-	1 902	1 712	190	90%	1 693	1 693
eDumbe	1 500	-	-	1 500	1 500	-	-	1 500	894	606	60%	1 231	1 231
uPhongolo	2 978	-	-	2 978	2 978	-	-	2 978	1 923	1 055	65%	2 504	2 504

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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
AbaQulusi	2 773	-	-	2 773	2 773	-	-	2 773	2 773	-	100%	2 515	2 515
Nongoma	2 946	-	-	2 946	2 946	-	-	2 946	2 337	609	79%	1 868	1 868
Ulundi	4 711	-	-	4 711	4 711	-	-	4 711	4 518	193	96%	3 660	3 660
Zululand District Municipality	8 517	-	-	8 517	8 517	-	-	8 517	8 517	-	100%	9 612	9 612
uMhlabuyalingana	1 975	-	-	1 975	1 975	-	-	1 975	1 975	-	100%	1 759	1 759
Jozini	4 095	-	-	4 095	4 095	-	-	4 095	4 095	-	100%	3 296	3 296
Mtubatuba	2 077	-	-	2 077	2 077	-	-	2 077	2 077	-	100%	1 028	1 028
KZN 276 Big Five Hlabisa loc Mu	2 304	-	-	2 304	2 304	-	-	2 304	2 119	185	92%	1 545	1 545
uMkhanyakude District Municipality	6 993	-	-	6 993	6 993	-	-	6 993	4 953	2 040	71%	5 846	5 846
uMfolozi	1 847	-	-	1 847	1 847	-	-	1 847	1 847	-	100%	1 557	1 557
Umhlatuze	3 213	-	-	3 213	3 213	-	-	3 213	1 713	1 500	53%	3 417	3 417
uMlalazi	4 098	-	-	4 098	4 098	-	-	4 098	3 261	837	80%	3 416	3 416
Mthonjaneni	2 536	-	-	2 536	2 536	-	-	2 536	2 354	182	93%	1 891	1 891
Nkandla	3 626	-	-	3 626	3 626	-	-	3 626	3 580	46	99%	3 552	3 552
King Cetshwayo Municipality	4 742	-	-	4 742	4 742	-	-	4 742	3 383	1 359	71%	4 619	4 619
Mandeni	2 372	-	-	2 372	2 372	-	-	2 372	2 372	-	100%	2 435	2 435
KwaDukuza	1 868	-	-	1 868	1 868	-	-	1 868	1 868	-	100%	1 732	1 732
Ndwedwe	2 277	-	-	2 277	2 277	-	-	2 277	2 277	-	100%	2 412	2 412
Maphumulo	2 081	-	-	2 081	2 081	-	-	2 081	1 494	587	72%	1 786	1 786



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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
iLembe District Municipality	5 439	-	-	5 439	5 439	-	-	5 439	5 439	-	100%	6 363	6 363
Greater Kokstad	4 266	-	-	4 266	4 266	-	-	4 266	2 457	1 809	58%	4 628	4 628
uBuhlebezwe	2 245	-	-	2 245	2 245	-	-	2 245	1 736	509	77%	2 131	2 131
uMzimkhulu	3 573	-	-	3 573	3 573	-	-	3 573	3 573	-	100%	3 377	3 377
KZN Ingwe/Kwa Sani Loc MU	2 476	-	-	2 476	2 476	-	-	2 476	2 476	-	100%	2 323	2 323
Harry Gwala District Municipality	5 221	-	-	5 221	5 221	-	-	5 221	5 221	-	100%	4 596	4 596
Greater Giyani	4 035	-	-	4 035	4 035	-	-	4 035	3 465	570	86%	3 851	3 851
Greater Letaba	2 139	-	-	2 139	2 139	-	-	2 139	2 139	-	100%	1 918	1 918
Greater Tzaneen	8 065	-	-	8 065	8 065	-	-	8 065	8 065	-	100%	8 463	8 463
Ba-Phalaborwa	1 186	-	-	1 186	1 186	-	-	1 186	934	252	79%	1 195	1 195
Maruleng	1 246	-	-	1 246	1 246	-	-	1 246	1 246	-	100%	1 175	1 175
Mopani District Municipality	10 600	-	-	10 600	10 600	-	-	10 600	10 600	-	100%	10 129	10 129
Musina	1 390	-	-	1 390	1 390	-	-	1 390	1 390	-	100%	1 715	1 715
Thulamela	4 864	-	-	4 864	4 864	-	-	4 864	4 864	-	100%	6 069	6 069
Makhado	3 259	-	-	3 259	3 259	-	-	3 259	2 448	811	75%	2 280	2 280
LIM 345	1 759	-	-	1 759	1 759	-	-	1 759	1 450	309	82%	1 784	1 784
Vhembe District Municipality	4 754	-	-	4 754	4 754	-	-	4 754	3 362	1 392	71%	2 245	2 245
Blouberg	1 950	-	-	1 950	1 950	-	-	1 950	1 950	-	100%	1 266	1 266
Molemole	1 407	-	-	1 407	1 407	-	-	1 407	958	449	68%	1 429	1 429
Polokwane	11 570	-	-	11 570	11 570	-	-	11 570	9 843	1 727	85%	7 971	7 971

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
VOTE 13**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Lepele-Nkumpi	1 380	-	-	1 380	1 380	-	-	1 380	1 380	-	100%	1 969	1 969
Capricorn District Municipality	3 747	-	-	3 747	3 747	-	-	3 747	3 310	437	88%	3 866	3 866
Thabazimbi	1 256	-	-	1 256	1 256	-	-	1 256	778	478	62%	1 256	1 256
Lephalale	1 292	-	-	1 292	1 292	-	-	1 292	648	644	50%	1 220	1 220
Bela-Bela	1 502	-	-	1 502	1 502	-	-	1 502	1 269	233	84%	1 353	1 353
Mogalakwena	1 161	-	-	1 161	1 161	-	-	1 161	479	682	41%	1 292	1 292
LIM 368 Modimolle/Mookgopong	2 041	-	-	2 041	2 041	-	-	2 041	713	1 328	35%	2 245	2 245
Ephraim Mogale	1 310	-	-	1 310	1 310	-	-	1 310	1 094	216	84%	1 195	1 195
Elias Motsoaledi	1 796	-	-	1 796	1 796	-	-	1 796	1 796	-	100%	2 199	2 199
Makhuduthamaga	1 925	-	-	1 925	1 925	-	-	1 925	1 925	-	100%	1 825	1 825
LIM 476 Greater Tubatse/Fetakgomo	1 285	-	-	1 285	1 285	-	-	1 285	672	613	52%	1 688	1 688
Greater Sekhukhune District Municipality	13 010	-	-	13 010	13 010	-	-	13 010	8 734	4 276	67%	8 180	8 180
Chief Albert Luthuli	2 227	-	-	2 227	2 227	-	-	2 227	819	1 408	37%	1 391	1 391
Msukaligwa	1 766	-	-	1 766	1 766	-	-	1 766	1 096	670	62%	1 986	1 986
Mkhondo	2 855	-	-	2 855	2 855	-	-	2 855	2 855	-	100%	2 211	2 211
Dr Pixley ka Seme	1 874	-	-	1 874	1 874	-	-	1 874	1 604	270	86%	1 059	1 059
Lekwa	1 855	-	-	1 855	1 855	-	-	1 855	1 299	556	70%	2 471	2 471
Dipaleseng	1 444	-	-	1 444	1 444	-	-	1 444	1 010	434	70%	1 485	1 485

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Govan Mbeki	2 629	-	-	2 629	2 629	-	-	2 629	1 632	997	62%	1 677	1 677
Gert Sibande District Municipality	2 595	-	-	2 595	2 595	-	-	2 595	2 595	-	100%	2 752	2 752
Victor Khanye	2 284	-	-	2 284	2 284	-	-	2 284	2 284	-	100%	3 191	3 191
Emalahleni	6 151	-	-	6 151	6 151	-	-	6 151	6 151	-	100%	6 015	6 015
Steve Tshwete	4 780	-	-	4 780	4 780	-	-	4 780	3 305	1 475	69%	4 590	4 590
Emakhazeni	1 473	-	-	1 473	1 473	-	-	1 473	1 473	-	100%	1 307	1 307
Thembisile Hani	3 735	-	-	3 735	3 735	-	-	3 735	3 735	-	100%	2 127	2 127
Dr JS Moroka	2 432	-	-	2 432	2 432	-	-	2 432	2 432	-	100%	1 451	1 451
Nkangala District Municipality	2 315	-	-	2 315	2 315	-	-	2 315	2 315		100%	2 551	2 551
Thaba Chweu	1 932	-	-	1 932	1 932	-	-	1 932	1 932	-	100%	1 836	1 836
Nkomazi	4 621	-	-	4 621	4 621	-	-	4 621	2 733	1 888	59%	6 125	6 125
Bushbuckridge	5 219	-	-	5 219	5 219	-	-	5 219	5 219	-	100%	5 379	5 379
MP 326 Mbombela/Umjindi Loc Mu	8 555	-	-	8 555	8 555	-	-	8 555	8 555	-	100%	7 036	7 036
Ehlanzeni District Municipality	2 457	-	-	2 457	2 457	-	-	2 457	2 457	-	100%	3 234	3 234
Richtersveld	950	-	-	950	950	-	-	950	801	149	84%	1 169	1 169
Nama Khoi	1 212	-	-	1 212	1 212	-	-	1 212	927	285	76%	1 075	1 075
Kamiesberg	950	-	-	950	950	-	-	950	429	521	45%	1 567	1 567
Hantam	1 564	-	-	1 564	1 564	-	-	1 564	1 564	-	100%	-	-

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Karoo Hoogland	1 073	-	-	1 073	1 073	-	-	1 073	537	536	50%	-	-
Namakwa District Municipality	1 073	-	-	1 073	1 073	-	-	1 073	1 073	-	100%	-	-
Ubuntu	950	-	-	950	950	-	-	950	542	408	57%	-	-
Umsobomvu	1 073	-	-	1 073	1 073	-	-	1 073	705	368	66%	1 075	1 075
Emthanjeni	1 073	-	-	1 073	1 073	-	-	1 073	520	553	48%	1 389	1 389
Kareeberg	950	-	-	950	950	-	-	950	412	538	43%	980	980
Renosterberg	1 073	-	-	1 073	1 073	-	-	1 073	1 073	-	100%	1 075	1 075
Thembelihle	1 077	-	-	1 077	1 077	-	-	1 077	1 077	-	100%	1 075	1 075
Siyathemba	1 073	-	-	1 073	1 073	-	-	1 073	1 073	-	100%	1 087	1 087
Siyancuma	1 073	-	-	1 073	1 073	-	-	1 073	896	177	84%	-	-
Pixley Ka Seme District Municipality	1 073	-	-	1 073	1 073	-	-	1 073	601	472	56%	1 075	1 075
!Kai !Garib	1 120	-	-	1 120	1 120	-	-	1 120	1 020	100	91%	1 142	1 142
!Kheis	1 073	-	-	1 073	1 073	-	-	1 073	785	288	73%	980	980
Tsantsabane	1 070	-	-	1 070	1 070	-	-	1 070	773	297	72%	-	-
Kgatelopele	1 073	-	-	1 073	1 073	-	-	1 073	342	731	32%	1 075	1 075
NC087 Khara Hais/Mier Loc Mu	1 073	-	-	1 073	1 073	-	-	1 073	979	94	91%	1 113	1 113
Z.F. Mqcawu District Municipality	1 073	-	-	1 073	1 073	-	-	1 073	1 073	-	100%	-	-
Sol Plaatjie	3 959	-	-	3 959	3 959	-	-	3 959	3 959	-	100%	3 362	3 362

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Dikgatlong	1 073	-	-	1 073	1 073	-	-	1 073	1 032	41	96%	950	950
Magareng	1 073	-	-	1 073	1 073	-	-	1 073	878	195	82%	1 121	1 121
Frances Baard District Municipality	1 073	-	-	1 073	1 073	-	-	1 073	720	353	67%	1 077	1 077
Joe Morolong	1 139	-	-	1 139	1 139	-	-	1 139	683	456	60%	1 126	1 126
Ga-Segonyana	1 519	-	-	1 519	1 519	-	-	1 519	875	644	58%	1 421	1 421
Gamagara	1 073	-	-	1 073	1 073	-	-	1 073	1 073	-	100%	1 004	1 004
John Taolo Gaetsewe District Municipality	1 073	-	-	1 073	1 073	-	-	1 073	862	211	80%	1 075	1 075
Moretele	1 998	-	-	1 998	1 998	-	-	1 998	1 998	-	100%	2 344	2 344
Madibeng	1 094	-	-	1 094	1 094	-	-	1 094	766	328	70%	1 175	1 175
Rustenburg	2 853	-	-	2 853	2 853	-	-	2 853	2 853	-	100%	6 388	6 388
Kgetlengrivier	1 000	-	-	1 000	1 000	-	-	1 000	929	71	93%	980	980
Moses Kotane	1 652	-	-	1 652	1 652	-	-	1 652	1 013	639	61%	1 708	1 708
Bojanala Platinum District Municipality	1 546	-	-	1 546	1 546	-	-	1 546	1 438	108	93%	1 468	1 468
Ratlou	1 231	-	-	1 231	1 231	-	-	1 231	901	330	73%	1 524	1 524
Tswaing	1 685	-	-	1 685	1 685	-	-	1 685	1 564	121	93%	1 900	1 900
Mafikeng	2 238	-	-	2 238	2 238	-	-	2 238	2 238	-	100%	1 595	1 595
Ditsobotla	1 081	-	-	1 081	1 081	-	-	1 081	199	882	18%	1 510	1 510
Ramotshere Moiloa	1 383	-	-	1 383	1 383	-	-	1 383	1 115	268	81%	1 212	1 212

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Ngaka Modiri Molema District Municipality	2 040	-	-	2 040	2 040	-	-	2 040	2 040	-	100%	2 140	2 140
Naledi	1 214	-	-	1 214	1 214	-	-	1 214	1 214	-	100%	1 379	1 379
Mamusa	1 449	-	-	1 449	1 449	-	-	1 449	1 405	44	97%	1 323	1 323
Greater Taung	2 255	-	-	2 255	2 255	-	-	2 255	1 898	357	84%	1 709	1 709
Lekwa-Teemane	1 270	-	-	1 270	1 270	-	-	1 270	817	453	64%	1 075	1 075
Molopo- kagisano	2 244	-	-	2 244	2 244	-	-	2 244	561	1 683	25%	2 775	2 775
Dr Ruth Segomotsi Mompati District Municipality	1 396	-	-	1 396	1 396	-	-	1 396	461	935	33%	1 835	1 835
City of Matlosana	2 181	-	-	2 181	2 181	-	-	2 181	1,807	374	83%	1 786	1 786
Maquassi Hills	1 544	-	-	1 544	1 544	-	-	1 544	1 425	119	92%	1 386	1 386
NW405 (JB Marks) Ventersdorp/Tlokwe loc mun	2 339	-	-	2 339	2 339	-	-	2 339	2 379	-	100%	2 204	2 204
Dr Kenneth Kaunda District Municipality	2 379	-	-	2 379	2 379	-	-	2 379	2 379		100%	2 122	2 122
City of Cape Town	42 406	-	-	42 406	42 406	-	-	42 406	27 789	14 617	66%	49 772	49 772
Matzikama	1 569	-	-	1 569	1 569	-	-	1 569	1 550	19	99%	1 836	1 836
Cederberg	1 359	-	-	1 359	1 359	-	-	1 359	1 359	-	100%	1 755	1 755
Bergrivier	1 662	-	-	1 662	1 662	-	-	1 662	1 350	312	81%	2 075	2 075
Saldanha Bay	2 907	-	-	2 907	2 907	-	-	2 907	2 907	-	100%	2 646	2 646
Swartland	1 873	-	-	1 873	1 873	-	-	1 873	1 873	-	100%	1 832	1 832

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
West Coast District Municipality	1 194	-	-	1 194	1 194	-	-	1 194	1 044	150	87%	1 401	1 401
Witzenberg	2 237	-	-	2 237	2 237	-	-	2 237	1 975	262	88%	2 617	2 617
Drakenstein	4 139	-	-	4 139	4 139	-	-	4 139	4 139	-	100%	3 287	3 287
Stellenbosch	4 928	-	-	4 928	4 928	-	-	4 928	2 301	2 627	47%	5 998	5 998
Breede Valley	3 301	-	-	3 301	3 301	-	-	3 301	3 301	-	100%	2 965	2 965
Langeberg	2 647	-	-	2 647	2 647	-	-	2 647	1 761	886	67%	2 210	2 210
Cape Winelands District Municipality	1 369	-	-	1 369	1 369	-	-	1 369	1 068	301	78%	1 413	1 413
Theewaterskloof	2 077	-	-	2 077	2 077	-	-	2 077	1 351	726	65%	1 721	1 721
Overstrand	2 593	-	-	2 593	2 593	-	-	2 593	1 914	679	74%	2 530	2 530
Cape Agulhas	1 773	-	-	1 773	1 773	-	-	1 773	1 578	195	89%	2 297	2 297
Swellendam	1 497	-	-	1 497	1 497	-	-	1 497	1 201	296	80%	1 682	1 682
Overberg District Municipality	1 123	-	-	1 123	1 123	-	-	1 123	959	164	85%	1 053	1 053
Kannaland	1 031	-	-	1 031	1 031	-	-	1 031	835	196	81%	1 359	1 359
Hessequa	1 164	-	-	1 164	1 164	-	-	1 164	1 032	132	89%	1 154	1 154
Mossel Bay	1 935	-	-	1 935	1 935	-	-	1 935	1 002	933	52%	1 672	1 672
George	1 990	-	-	1 990	1 990	-	-	1 990	644	1 346	32%	3 068	3 068
Oudtshoorn	1 310	-	-	1 310	1 310	-	-	1 310	1 310	-	100%	1 784	1 784
Bitou	1 155	-	-	1 155	1 155	-	-	1 155	296	859	26%	996	996

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Name of Municipality	2022/23											2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	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	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Knysna	1 044	-	-	1 044	1 044	-	-	1 044	846	198	81%	1 118	1 118
Eden District Municipality	2 440	-	-	2 440	2 440	-	-	2 440	2 041	399	84%	2 071	2 071
Laingsburg	1 074	-	-	1 074	1 074	-	-	1 074	1 074	-	100%	1 098	1 098
Prince Albert	1 237	-	-	1 237	1 237	-	-	1 237	1 237	-	100%	1 243	1 243
Beaufort West	1 136	-	-	1 136	1 136	-	-	1 136	388	748	34%	1 285	1 285
Central Karoo District Municipality	1 321	-	-	1 321	1 321	-	-	1 321	1 137	184	86%	1 269	1 269
<b>TOTAL</b>	<b>778 395</b>	<b>-</b>	<b>-</b>	<b>778 395</b>	<b>778 395</b>	<b>-</b>	<b>-</b>	<b>778 395</b>	<b>643 518</b>	<b>134 877</b>		<b>758 693</b>	<b>758 693</b>

*The Departments certifies that all transfers to Municipalities were deposited into the primary bank account in terms of the Division of Revenue Act (DORA) requirements.*



**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 1B**

**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

Departmental Agency or Account	2022/23						2021/22	
	TRANSFER ALLOCATION				TRANSFER			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Construction Industry Development Board	80 012	-	-	80 012	80 012	100%	78 166	78 166
Council for the Built Environment	54 495	-	-	54 495	54 495	100%	53 528	53 528
Property Management Trading Entity	3 996 043	-	(83 220)	3 912 823	3 912 823	100%	4 349 655	4 349 655
Construction SETA	581	-	-	581	581	100%	572	572
Parliamentary Villages Management Board	5 838	-	-	5 838	5 838	100%	11 376	11 376
Agrément SA	33 951	-	-	33 951	33 951	100%	33 078	33 078
<b>TOTAL</b>	<b>4 170 920</b>	<b>-</b>	<b>(83 220)</b>	<b>4 087 700</b>	<b>4 087 700</b>		<b>4 526 375</b>	<b>4 526 375</b>

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 1C**

**STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

	2022/23								2021/22	
	GRANT ALLOCATION				EXPENDITURE					
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital	Current	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Name of public corporation / private enterprise</b>										
<b>Public Corporations</b>										
Transfers										
Independent Development Trust	70 300	-	-	70 300	70 300	100.0%	-	-	93 000	93 000
Industrial Development Corporation	90 375	-	100 000	190 375	90 375	47.5%	-	-	87 972	87 972
<b>TOTAL</b>	<b>160 675</b>	<b>-</b>	<b>100 000</b>	<b>260 675</b>	<b>160 675</b>	<b>61.6%</b>	<b>-</b>	<b>-</b>	<b>180 972</b>	<b>180 972</b>

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

**ANNEXURE 1D**

**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

Foreign government / International organisation	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers</b>								
Commonwealth War Graves Commission	28 432	-	-	28 432	28 432	100%	28 265	28 265
<b>TOTAL</b>	<b>28 432</b>	<b>-</b>	<b>-</b>	<b>28 432</b>	<b>28 432</b>		<b>28 265</b>	<b>28 265</b>

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**ANNEXURE 1E**

**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Non-profit institutions</b>								
<b>Transfers</b>								
Non State Sector	1 032 693	-	-	1 032 693	1 032 693	100%	1 020 414	956 134
<b>TOTAL</b>	<b>1 032 693</b>	<b>-</b>	<b>-</b>	<b>1 032 693</b>	<b>1 032 693</b>		<b>1 020 414</b>	<b>956 134</b>

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**ANNEXURE 1F**

**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

Household	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers</b>								
H/H EML S/BEN:LEAVE GRATUITY	3 566	-	325	3 891	3 887	100%	1 657	1 657
REDCLIFFE WB					103			
VILJOEN D					49			
SOLOMONS RF					102			
VUKELA S					1 012			
NZAMA SDK					8			
FAZEL ELLAHI IA					168			
MOFOKENG TJ					85			
SIKHWIVHUILU V					37			
DITSEBE MJ					149			
THIPE CC					30			
MOGOTSI GT					52			
NTSEKE KMV					35			
MTSHISA ST					677			
MONKWE MR					49			
MAKGATI MOR					47			
ZITHA TR					49			
BODIBE TF					21			

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Household	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
LEKOKO DR					39			
NOLUSU TA					76			
ZULU J					5			
SETAISE DJ					219			
MTHOMBENI AN					99			
TLAKA PM					64			
NGWENYA L					143			
NENE VP					54			
MAMABOLO EF					51			
LEKOKO DR					14			
OLOWOLAGBA N					118			
LUDONGA WT					46			
TAMBANI TP					35			
MATHEBULA PM					26			
KGALADI G					20			
DLADLA					82			
PILLAY D					99			
VAN WYK A					24			
<b>H/H:BURSARIES(NON-EMPLOYEE)</b>	<b>6 100</b>	<b>-</b>	<b>(97)</b>	<b>6 003</b>	<b>6 003</b>	<b>100%</b>	<b>5 675</b>	<b>5 675</b>
University of Pretoria					3 524			
TMM					1 339			
University of Pretoria					359			

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	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Household</b>								
City Property					465			
TMM Lofts					316			
<b>H/H:CLAIMS AGAINST THE STATE(CASH)</b>	-	-	-	-	-	-	5 924	5 924
<b>TOTAL</b>	<b>9 666</b>	<b>-</b>	<b>228</b>	<b>9 894</b>	<b>9 890</b>		<b>13 256</b>	<b>13 256</b>

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 2A**

**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2023 - LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2022	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2023	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing	-	53	-	(53)	-	-	-	-
	<b>TOTAL</b>	-	<b>53</b>	-	<b>(53)</b>	-	-	-	-



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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 2B**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023**

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Claims against the department	10 000	2 019	10 000	-	2 019
Labour Relation matters	3 337	-	-	-	3 337
<b>TOTAL</b>	<b>13 337</b>	<b>2 019</b>	<b>10 000</b>	<b>-</b>	<b>5 356</b>

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**ANNEXURE 3**

**CLAIMS RECOVERABLE**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
Basic Education	-	-	54 541	54 541	54 541	54 541		
Agriculture, Land Reform & Rural Development	-	-	-	16	-	16		
Defence	-	-	16 640	16 640	16 640	16 640		
Sports, Art and Culture	-	-	-	12	-	12		
Presidency	-	-	699	699	699	699		
EC Provincial Department	1 309	-	-	-	1 309	-		
Civilian Secretariat For Police Service	8	-	-	-	8	-		
<b>Subtotal</b>	<b>1 317</b>	<b>-</b>	<b>71 880</b>	<b>71 908</b>	<b>73 197</b>	<b>71 908</b>		
<b>Other Government Entities</b>								
Public Works (PMTE)	23 690	4 864	3 030	-	26 720	4 864		
SETA	-	-	3 612	3 613	3 612	3 613		
NSF	-	-	99	99	99	99		
CSCC	-	-	241	241	241	241		
<b>Subtotal</b>	<b>23 690</b>	<b>4 864</b>	<b>6 982</b>	<b>3 953</b>	<b>30 672</b>	<b>8 817</b>		
<b>TOTAL</b>	<b>25 007</b>	<b>4 864</b>	<b>78 862</b>	<b>75 861</b>	<b>103 869</b>	<b>80 725</b>		

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 4**

**INTERGOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
<b>Current</b>								
Department of Justice	1 994	9 082	5 613	5 030	7 607	14 112		
Department of International Relations and Coordination	56	173	-	-	56	173		
Gauteng Provincial Government	-	73	-	-	-	73		
Department of Defence	-	-	71 421	-	71 481	-		
<b>Subtotal</b>	<b>2 050</b>	<b>9 328</b>	<b>77 034</b>	<b>5 030</b>	<b>79 084</b>	<b>14 358</b>		
<b>OTHER GOVERNMENT ENTITIES</b>								
<b>Current</b>								
Property Management Trading Entity (PMTE)	2 261	2 835	-	-	2 261	2 835		
AGSA	1 951	1 171	-	-	1 951	1 171		
SARS	-	37	-	-	-	37		
TELKOM SA LTD	59	65	-	-	59	65		
SITA	1 327	416	-	-	1 327	416		
GTA	146	-	-	-	146	-		
SAPS	114	-	-	-	114	-		
<b>Subtotal</b>	<b>5 858</b>	<b>4 523</b>	<b>-</b>	<b>-</b>	<b>5 858</b>	<b>4 523</b>		

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Non-current</b>								
AGRISETA	1 238	371	-	-	1 238	371		
<b>Subtotal</b>	1 238	371	-	-	1 238	371		
<b>Total Other Government Entities</b>	7 096	4 895	-	-	7 096	4 895		
<b>TOTAL INTERGOVERNMENT PAYABLES</b>	9 146	14 223	77 034	5 030	86 180	19 253		

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

**ANNEXURE 5A**

**INTERENTITY ADVANCES PAID (Note 9)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/3/2023	31/03/2022	31/3/2023	31/03/2022	31/3/2023	31/03/2022
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
GCIS	345	122	-	-	345	122
<b>Subtotal</b>	<b>345</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>345</b>	<b>122</b>
<b>PUBLIC ENTITIES</b>						
IDT	1 193	182	-	-	1 193	182
<b>Subtotal</b>	<b>1 193</b>	<b>182</b>	<b>-</b>	<b>-</b>	<b>1 193</b>	<b>182</b>
<b>OTHER ENTITIES</b>						
ILO	-	1 658	-	-	-	1 658
Construction Sector Charter Council	-	1 609	-	-	-	1 609
South African City Networks	700	-	-	-	700	-
<b>Subtotal</b>	<b>700</b>	<b>3 267</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>3 267</b>
<b>TOTAL</b>	<b>2 238</b>	<b>3 571</b>	<b>-</b>	<b>-</b>	<b>2 238</b>	<b>3 571</b>

*Include discussion here where deemed relevant.*

**NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

**ANNEXURE 5B**

**INTERENTITY ADVANCES RECEIVED (Note 14)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/3/2023	31/03/2022	31/3/2023	31/03/2022	31/3/2023	31/03/2022
	R'000	R'000	R'000	R'000	R'000	R'000
<b>PROVINCIAL DEPARTMENTS</b>						
<b>Current</b>						
KZN Provincial Department of Transport	49 637	6 227	-	-	49 637	6 227
EC Provincial Department of Transport	307 887	-	-	-	307 887	-
<b>Subtotal</b>	<b>357 524</b>	<b>6 227</b>	<b>-</b>	<b>-</b>	<b>357 524</b>	<b>6 227</b>
<b>PUBLIC ENTITIES</b>						
<b>Current</b>						
National Skills Fund	11 210	13,296	-	-	11 210	13 296
<b>Subtotal</b>	<b>11 210</b>	<b>13 296</b>	<b>-</b>	<b>-</b>	<b>11 210</b>	<b>13 296</b>
<b>Non-current</b>						
<b>TOTAL</b>	<b>368 734</b>	<b>19 523</b>	<b>-</b>	<b>-</b>	<b>368 734</b>	<b>19 523</b>
<b>Current</b>	<b>368 734</b>	<b>19 523</b>	<b>-</b>	<b>-</b>	<b>368 734</b>	<b>19 523</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 6**

**COVID 19 RESPONSE EXPENDITURE**

Per quarter and in total

Expenditure per economic classification	2022/23					2021/22
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Compensation of employees</b>						
<b>Goods and services</b>						
<i>List all applicable SCOA level 4 items</i>						
CONS SUPP:MEDICAL SUPPLIES	1	-	-	-	-	236
<b>TOTAL COVID 19 RESPONSE EXPENDITURE</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236</b>

*Include discussion here where deemed relevant.*

***NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
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***ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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**Property Management Trading Entity  
Annual Financial Statements  
for the year ended 31 March 2023**

## **Report of the auditor-general to Parliament on Property Management Trading Entity**

### **Report on the audit of the financial statements**

#### **Qualified opinion**

1. I have audited the financial statements of the Property Management Trading Entity (PMTE) set out on pages 304 to 373, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the PMTE as at 31 March 2023, financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management act 1 of 1999 (PFMA).

#### **Basis for qualified opinion**

##### ***Payables from exchange transactions: Accrued expenses***

3. All outstanding amounts meeting the definition of a liability were not recognised in accordance with GRAP 1, *Presentation of financial statements*. Adequate records of outstanding payments for goods and services received but not yet paid at year-end were not maintained. I was unable to determine the full extent of the understatement of payables from exchange transactions – accrued expenses, as it was impracticable to do so.

##### ***Payables from exchange transactions: Accrued expenses – Opex projects***

4. Payables from exchange transactions: accrued expenses – Opex projects were not classified as payables, where services were rendered before year end and no payments have been made by the trading entity in accordance to GRAP 19, *Provisions, contingent liabilities and contingent assets*. The trading entity received services from the service providers before year end that meet the definition of an accrual, which were accounted for as provisions. Consequently, payables from exchange transactions accrued expenses – Opex projects were understated by R199 million, provisions were overstated by R593 million and net assets was overstated by R394 million.

##### ***Payables from exchange transactions: Accrued expenses – Leases***

5. The trading entity did not derecognise financial liabilities in accordance with GRAP 104, *financial instruments*. A standard formula was applied on all debts outstanding for longer than 3 years without an assessment of the merits of each outstanding amount in line with the Prescription Act. I was unable to determine the full extent of the understatement of accrued expenses- leases, stated at R104 million in note 12 to the financial statements, as it was impracticable to do so.

##### ***Payables from exchange transactions***

6. In addition to the individually material uncorrected misstatement on payables from exchange transaction as disclosed in note 12, total payables from exchange transaction was materially

misstated by R173 million due to cumulative effect of individually immaterial uncorrected misstatements in payables from exchange transactions

- Trade payables stated at 91 million was overstated by R91 million
- Revenue claimed in advance leases stated at R292 million was overstated by R82 million

***Revenue from exchange transactions: Accommodation charges- Freehold intergovernmental***

7. Items that did not meet the definition of revenue in accordance with GRAP 9, *Revenue from exchange transactions* were recognised in the financial statements. The trading entity claimed accommodation charges for properties that have been derecognised from the asset register. I was unable to determine the full extent of the overstatement of revenue from exchange transactions: accommodation charges – freehold inter-governmental, stated at R6,3 billion (2022: R6,8 billion) in note 17 of the financial statements, as it was impracticable to do so. This also has an impact on the deficit for the period and on the net assets.

***Total minimum lease receipts- PMTE as lessor: straight line Freehold Accommodation charges***

8. The trading entity did not account for operating lease commitments in terms of GRAP 13, *Leases*. The trading entity did not disclose the future minimum lease receipts under non-cancellable operating lease contracts for freehold accommodation charges. I was unable to determine the full extent of the understatement of operating lease commitments, stated at R549 million (2022: R589 million) in note 5 to the financial statements, as it was impracticable to do so.

***Contractual commitments for acquisition and maintenance of property, plant and equipment***

9. Items that did not meet the definition of a contractual commitment in accordance with GRAP 17, *Property, plant and equipment* were disclosed. The trading entity recorded cancelled projects as part of the disclosed contractual commitments in the financial statements. The contractual commitments for the acquisition and maintenance of property, plant and equipment as disclosed in Note 7 of the financial statements is overstated by R2,7 billion.

**Context for opinion**

10. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
11. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Emphasis of matter**

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

### ***Going concern***

14. As disclosed in note 36 of the Annual Financial Statements, the PMTE has a bank overdraft of R1,843 billion (2022: R851 million) and the current liabilities exceed the current assets by R7,739 billion (2022: R7,213 billion).
15. The main reason for the increase in the bank overdraft was due to the increase in the amounts owed by client departments. Management has engaged in robust discussions with the relevant departments and National Treasury to resolve the issues around non-payment and to ensure payment is received on outstanding amounts.

### ***Receivables from exchange transactions***

16. As disclosed in note 3 of the annual financial statements, the R3,064 billion (2022: R4,183 billion) reported on receivables from exchange, is the rand value after taking into account the impairment values of R9,246 billion (2022: R7,968 billion).

### ***Restatement of corresponding figures***

17. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the trading entity at, and for the year ended, 31 March 2023.

### ***Other matters***

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

### ***National Treasury Instruction Note No.4 of 2022-23: PFMA compliance and reporting framework***

19. 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 31 to the financial statements of the Property Management Trading Entity. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

### ***Responsibilities of the accounting officer for the financial statements***

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
21. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern; disclosing, as applicable, matters relating to

going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

#### **Responsibilities of the auditor-general for the audit of the financial statements**

22. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

#### **Report on the audit of the annual performance report**

24. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
25. The trading entity's performance information was reported in the annual performance report of the Department of Public Works and Infrastructure. I audited the reported performance information as part of the audit of Department of Public Works and Infrastructure and any audit findings are included in the auditor's reports

#### **Report on compliance with legislation**

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the trading entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### ***Annual Financial Statements, Performance and Annual Report***

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1) (b) of the PFMA. Material misstatements of non-current assets identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

### ***Asset management***

31. Processes and procedures were not in place at the trading entity for the economical use of the institution's assets, as required by treasury regulation (TR) 10.1.2

### ***Expenditure management***

32. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R179,1 million, as disclosed in note 31 to the financial statements, as required by section 38(1) (c) (ii) of the PFMA and TR 9.1.1. The majority of the irregular expenditure disclosed in the financial statements was caused by incorrect procurement processes followed by management.
33. Effective internal controls were not in place for approval and processing of payments, as required by TR 8.1.1.

### ***Consequence management***

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1) (h) (iii) of the PFMA.

### ***Revenue management***

35. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA

### ***Other information in the annual report***

36. The accounting officer is responsible for the other information included in the annual report which includes the accounting officers the audit committee's report. The other information referred to does not include the financial statements, the auditor's report that have been specifically reported on in this auditor's report.
37. My opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. The other information I obtained prior to the date of this auditor's report are accounting officers' report and human resource management report and the disclosure of irregular, fruitless and wasteful expenditure and foreword by the Minister, Statement by the Deputy Minister and governance compliance report is expected to be made available to us after 31 August 2023.

40. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
41. When I do receive and read the foreword by the Minister, statement by the Deputy Minister and governance compliance report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### **Internal control deficiencies**

42. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report
44. Management did not develop effective mechanisms to monitor the implementation of audit action plans to address internal control deficiencies identified in the prior year. As a result repetitive material misstatements on payables from exchanges were identified in the current year.
45. Senior management did not perform sufficient and adequate reviews during the preparation of the financial statements to ensure that the supporting schedules are accurate, complete, and supported by reliable information as material misstatements were identified that resulted in the modification of the auditors opinion.
46. Management did not monitor compliance with applicable laws and regulations as a result material compliance issues were identified in asset management, expenditure management, consequence management and revenue management.
47. Lastly, we note with concern that there is no effective intergraded ERP system that allows transactions to be digitalised, integrated, and accessible in real-time to reduce the reliance on manual processes in compiling supporting schedules used to prepare the financial statements . Due to the existing manual environment that requires intense human intervention, capturing errors were not mitigated.

#### **Material irregularities**

48. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

#### **Material irregularities identified during the audit**

49. The material irregularities identified are as follows:

##### ***Lease No. 139901 overpayment***

50. The trading entity entered into a lease agreement on behalf of the Department of Justice and Constitutional Development (DoJ&CD) with the landlord on 1 April 2011 for a period of five (5) years. Occupation did not take place on the commencement date due to tenant installations,

which were being effected by the landlord. During this period, an addendum to the main contract was signed on 7 November 2014 for additional space and an amendment to the commencement date. The impact of this addendum was that the lease commencement date changed to 1 October 2012. The lease has continued on a month-to-month basis after 30 September 2017, which is the expiration of the original lease agreement, to date.

51. Between June 2015 and December 2017, while the entity was still using the Property Management Information System (PMIS) for lease payments, overpayments to the landlord were made due to various reasons.
52. The leasing module on the Archibus system was implemented in September 2019 and all lease data was migrated from PMIS into the new system. The monthly lease obligation at the time was R737 735, however it was captured as R857 965 on the system. Management did not identify and rectify the error in time; this has resulted in the system escalating an incorrect amount and resulted in consistent, monthly overpayments. As at 31 March 2022, the calculated cumulative overpayments made to the landlord, amounted to R4 452 528.
53. The overpayments stated above indicate that management did not ensure that internal procedures and internal control measures were in place for the approval and processing of rental payments. These controls would have provided management reasonable assurance that rental payments to be made were necessary for each month and appropriate. This control deficiency resulted in non-compliance with TR8.1.1. The non-compliance is likely to result in a material financial loss for PMTE of R4 452 528. as the overpayments can still be recovered from the landlord.
54. The accounting officer was notified of the material irregularity (MI) on 10 November 2022 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer responded on the 8 December 2022. The response from management including the supporting annexures, indicates that the following steps have been taken to address the MI:
  - Identified the three parties responsible for the overpayments and issued warning letters to the officials that are still in the in employ of the trading entity.
  - Management recovered R1 524 807,52 of the R4 452 528 and are still in the process of investigating the remaining amount. .
  - The lease information was corrected on the Archibus system is May 2022 therefore the trading entity is paying in line with the lease agreements.

Due to other MIs raised with regards to leases, management embarked on a lease clean-up process which by an external service providers in June 2022, and as of March 2023 management has implemented controls to detect any lease overpayments, however, concerns in the control environment remain due to the fact that the controls are not effective in preventing overpayments as similar instances were noted on other lease contracts.



55. Based on the assessment of the response and evidence presented, I have determined that the accounting officer is taking appropriate steps to address the MI. I will follow up on the implementation of further actions taken during my next audit.

### **Status of previously reported material irregularities**

#### **Leeuwkop prison asset not appropriately safeguarded during construction**

56. After termination of the initial contractor, the boilers on site were not appropriately covered as they were exposed to severe weather conditions, the plastic covering the boilers was damaged. This had an impact on ancillary equipment as they became corroded and unusable.
57. PMTE appointed a service provider for the replacement and maintenance of boilers for a period of 24 months on 26 January 2012. Due to the service provider's continued inability to meet deadlines in relations to the supply and installation of the boilers as per the site programme of works, the contractor was first placed in mora on 18 October 2013 and then the contact was subsequently terminated with effect from 5 June 2014.
58. After termination of the initial contractor, the boilers on site were not appropriately covered as they were exposed to severe weather conditions, the plastic covering the boilers was damaged. This had an impact on ancillary equipment as they became corroded and unusable.
59. The accounting officer did not take full responsibility for the safeguarding of the boilers while they were on site and after the termination date of the initial contractor, as a result, more costs will be incurred to replace and refurbish critical equipment's that have corroded. This is a contravention of TR10.1.1 (a) which requires that the accounting officer of an institution must take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, losses, wastage and misuse. The contravention of TR10.1.1 (a) is likely to result in a material financial loss.
60. The accounting officer was notified of the MI on 26 August 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The response was received on 23 September 2021.
61. Even though the accounting officer disagreed with the finding and the MI, in their response they agreed that there was a subsequent deterioration of the boiler cover and corrosion of boiler components. As a result, the boilers were exposed to inevitable physical weather elements. Due to the disagreement the accounting officer did not implement any corrective actions.
62. A new accounting officer was appointed in April 2022 and was informed of the MI. The accounting officer was afforded the opportunity to respond as to whether he will uphold the view on the MI as their predecessor. The accounting officer confirmed that he supported the view of his predecessor. Based on the latter no actions were implemented by the trading entity to address the MI.

I recommended that the accounting officer take the following actions to address the MI by 30 January 2023:

- Appropriate action should be taken to investigate the non-compliance to determine if any official should be held responsible.

- The financial loss relating to the boilers should be quantified and appropriate action should be taken to determine whether the responsible official(s) is liable by law for the losses suffered by the department for the purpose of recovery, as required by TR 12.7.1.
- Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.
- Reasonable steps should be taken to ensure that preventative mechanisms are in place to eliminate further losses on account of inadequate safeguarding or other damage in relation to construction site assets as required by TR 10.1.1(a).

63. The accounting officer submitted a written response and supporting evidence on the implementation of the recommendations on 26 January 2023 and a supplementary response and supporting documentation on 3 April 2023. Based on the assessment of the written responses and supporting evidence submitted, I concluded that the recommendations had not been adequately implemented.

64. I am in the process of making a decision on the further action to be taken.

**Construction contract extensions approved, incorrectly included contract value adjustment**

65. PMTE entered into a contract with a service provider on 28 November 2013 to construct a magistrate court building in Mamelodi (WCS 044028). The contract was for a period of 18 months for construction and the contract value was R94 742 592,85.

66. The construction of the Mamelodi magistrate court project has been significantly delayed and the expenditure paid to date exceed the initial contract amount. The practical completion date of the contract has been extended and PMTE has been approving the contract extensions with adjustments to the contract value with the daily rate of R24 283,26 charged by the contractor. Based on the approved claims 4, 5, 8 and 9, the delays resulted from civil unrest, riots, strikes and lockouts.

67. This was a contravention of the JBCC 2000 Principal Building Agreement Clause 29.1 which stipulates that the contractor is entitled to a revision of the date of practical completion but for which the contract value should not be adjusted if it pertains to delays related to civil unrest, riots or strikes. However, requests for extensions with a financial impact where the cause of the delay related to civil unrest, riots, strikes and related matters were approved.

68. The delegation of authority dated 8 December 2009, in paragraph 7.4 pertaining to the approval of the extension of contract periods as part of the general notes and condition 2 on the approved delegation, stipulates that any decision regarding the extension of the contract needs to be based on the conditions of the contract and that the decision-taker has no opportunity to exercise any discretion in reaching the decision. The approval of claims 4, 5, 8 & 9 were not in line with the conditions of the contract.

69. The approval of the listed claims in convention of the delegations resulted in a contravention of section 45(a) of the PFMA which requires that an official in a department, trading entity or constitutional institution must ensure that the system of financial management and internal controls established for that department, trading entity or constitutional institution is carried out

within the area of responsibility of that official. These contraventions is likely to result in a material financial loss for PMTE as it may be possible to recover the amount from an external party.

70. The Accounting officer was notified of the MI on 15 October 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer responded on the 17 November 2021. The written responses from management including the supporting annexures, indicates that the following steps have been taken to address the MI:

- Disciplinary actions instigated:
  - On 17 November 2021, letters of consequence management have been issued to the project management team to explain their actions in approving the claims and payments to the contractor.
  - The accounting officer received responses from the four (4) persons identified as the responsible parties that caused the MI. On 25 March 2022, the accounting officer took further action and referred the matter to Labour Relations to conduct an investigation to prepare charge sheets and institute disciplinary action against the identified officials.
  - On 17 August 2022, Labour Relations requested clarification on additional documentation and the scope of the charges. Both the internal control directorate and later the DPWI's anti-corruption unit (ACU) were requested to investigate. The review of the information by the ACU concluded that the matter does not warrant a forensic investigation as the facts of the matter are already at the disposal of the trading entity to enable resolution of the matter' as the information required by Labour Relations can be sourced from the relevant line functions within the trading entity.
  - Following the receipt of the ACU report of 16 May 2023, the Pretoria regional office is dispatching the additional information required for Labour Relations.
- PMTE sent a letter to the principal agent requesting an explanation of the payments made. The letter to the principal agent was issued on 17 November 2021.
- Based on the response of the principal agent, the trading entity has resolved to issue a letter of demand to the contractor for the payments made. The letter to the principal agent was issued on the 17 November 2021 and the principal agent responded on the 25 November 2021.
- Initial activities to recover the funds through the principal agent, in line with the JBCC contract, was not successful. This resulted in the trading entity issuing a letter of non-compliance to the principal agent. On 7 September 2022, the principal agent wrote to the trading entity indicating that they are terminating their contract agreement with the trading entity.
- PMTE sent a letter of demand to the service provider on 27 March 2023, requesting a refund for R3 011 124, 24 (VAT exclusive) due to application for extension of contract which were erroneously approved within cost. In this regard, the service provider was

requested to make such payments or arrangements for payments thereof within 14 days of receipt of the letter. However, the service provider failed to execute any action and the trading entity referred the matter to the office of the state attorney for recovery.

71. Based on the assessment of the actions taken, I have determined that the accounting officer is taking appropriate action to address the MI. I will follow up on the implementation of the planned actions during my next audit.

#### **Lease No. 140280 Overpayment**

72. PMTE appointed a service provider for the leasing of office accommodation and parking bays on behalf of the Department of Rural Development and Land Reform (DRDLR) for four (4) years. The lease commenced on 1 October 2015 with a commencement rental amount of R771 656,22 per month and an annual escalation rate 5,5%. The expiry date as per the lease agreement was set at 30 September 2019.
73. During the 2019-20 financial period, lease overpayments were reported as a result of internal controls weaknesses with regard to the payment processes. These duplicate payments/overpayments mainly occurred between October 2017 and March 2019. The cumulative overpayments over this period amounted to R9 325 082,75.
74. During the 2020-21 financial period, the lease agreement was renewed with effect from 1 June 2019 while the old contract was still active (4 months before it expired). This renewal resulted in a lesser monthly rental payment as compared to the previous lease contract. Management continued to make payments based on the old lease contract which resulted in additional overpayments made since the renewal period of 1 June 2019 up to the end of 31 March 2021 amounting to R1 636 993,88.
75. Effective internal controls were not in place for approval and processing of payments, as required by TR8.1.1 to ensure that correct rental payments for a lease agreement were made and to prevent the overpayments stated above. These controls would have provided management reasonable assurance that rental payments made were necessary for each month and appropriate. PMTE was likely to incur a material financial loss of R10 962 076,63.
76. The accounting officer was notified of the MI on 27 August 2021 and invited to make a written submission on the actions that will be taken to address the MI. The response was received on 23 September 2021 which was retracted and reissued on 15 November 2021.
77. The written responses from management, including the supporting annexures, indicate that the following steps have been taken to address the MI:
- The accounting officer indicated that the trading entity had already appointed an external service provider to review the extent of the overpayments on the leasing portfolio and recommend any changes necessary. The appointment of the mentioned service provider is part of the greater lease clean-up project undertaken by the trading entity with the objectives of ensuring:
    - Verification of data correctness on Archibus against lease agreements;
    - Correction of historical and current data to ensure correct payments;

- Upload all supporting documents on Archibus;
  - Implement delegations for any changes on the system especially on active leases;
  - Perform monthly reconciliation prior to the payment run to identify under/overpayments; and
  - Perform final reconciliation after the payment run to confirm transactions processed;
- From February 2022, management captured the lease details on the Archibus system correctly for this specific lease agreement, and the lease is currently paid in accordance with the valid lease agreement.
  - The trading entity implemented the use of credit notes to deduct any overpayments from future rentals. The recovery process began in June 2021. As of June 2022, the amount of R10 962 076,63 was fully recovered. No further overpayments have been identified since the correction.
  - Consequence management has been implemented to the lease management team as they explained the lack of oversight on lease payments and a final written warning was issued and accepted by the two responsible officials in January 2022.
  - The lease clean-up process was concluded in June 2022 by an external service provider, and as of March 2023, management has implemented controls to detect any lease overpayments, however, concerns in the control environment remain due to the fact that the controls are not effective in preventing overpayments as similar instances were noted on other lease contracts.

78. Based on the assessment of the response and evidence presented, I have determined that the accounting officer is taking appropriate steps to address the MI. I will follow up on the implementation of controls, during my next audit.

#### **Lease no. 140227 Overpayment**

79. PMTE entered into a lease agreement on behalf of the Department of Defence (DoD). The original lease agreement was entered into on 24 April 2014 for a period of 5 years and only took effect on occupation on 1 April 2015. The lease agreement was amended for additional space and parking bays based on the same terms and conditions as the main lease with effect from 1 April 2016 for a period of 4 years.
80. Upon the implementation of the Archibus leasing system in September 2019, management commenced consistently making overpayments to the landlord. The overpayments amounting to R14 062 727 occurred from the implementation of Archibus leasing system up to 31 March 2021. Although some of the overpayments were recovered as at February 2022 the cumulative remaining not recovered overpayments amounted to R3 802 787.
81. Effective internal controls were not in place for approval and processing of payments, as required by TR8.1.1 to ensure that correct rental payments for a lease agreement were made and to prevent the overpayments stated above. These controls would have provided management

reasonable assurance that rental payments made were necessary for each month and appropriate. The trading entity is likely to incur a material financial loss of R3 802 787.

82. The accounting officer was notified of the material irregularity on 3 June 2022 and invited to make a written submission on the actions taken and that will be taken to address the matter. The response was received on 5 July 2022 detailing the actions already taken and the planned actions to address the MI. Based on the responses from the accounting officer and supporting evidence provided, the following actions were taken to address the MI:

- Management captured the new lease and effected adjustments to prevent subsequent overpayments on 16 July 2021. The lease is currently paid in accordance with the valid lease agreement.
- Management implemented the use of credit notes to deduct any overpayments from future rentals to recover the overpayments from July 2021. As of February 2023, the amount of R3 802 787 was fully recovered. No further overpayments have been identified since the correction.
- Management identified the person responsible and has taken appropriate consequence management actions. Management has provided evidence that the responsible official has been issued with a verbal warning on 12 July 2021. The responsible official has acknowledged receipt of the verbal warning on 14 July 2021.
- Management undertook a lease data clean-up exercise to mitigate potential future lease overpayments. An external service provider was appointed in September 2021 to assess the extent of the lease overpayments and recommend improvements to the lease management processes. The clean-up exercise is anticipated to be concluded by September 2022.
- The lease clean-up process was concluded in June 2022 by an external service provider, and as of March 2023, management has implemented controls to detect any lease overpayments, however, concerns in the control environment remain due to the fact that the controls are not effective in preventing overpayments as similar instances were noted on other lease contracts.

83. Based on the assessment of the response and evidence presented, I have determined that the accounting officer is taking appropriate steps to address the MI. I will follow up on the implementation of controls, during my next audit.

***Unfair procurement process for the Beitbridge Borderline Infrastructure Project***

84. The accounting officer did not ensure an appropriate supply chain management process that is fair, equitable, transparent, competitive and cost effective is followed in the appointment of the contractor in order to prevent amounts charged to the trading entity for the Beitbridge Borderline Infrastructure project being overpriced. This was in contravention with TR16A3.2(a). The accounting officer was notified of the MI on 13 November 2020 and invited to make a written submission on the actions taken and that will be taken to address the matter. The response was received on 10 December 2020 detailing the actions already taken and the planned actions to address the MI.

85. The investigation on the Beitbridge project was initiated on 25 April 2020 as per the Minister of DPWI's request. The investigation was conducted by the governance and risk committee (GRC) unit with the assistance of the Special Investigating Unit (SIU) who were seconded to the investigation. The investigation was finalised on 27 July 2020. The entity then commenced with the implementation of the recommendations stated on the investigation report. The SIU launched an application on 23 September 2020 to freeze the service providers' bank accounts. The Special Tribunal made an order by agreement that the service providers would not make any further claims for payment from the department. On 17 November 2020, the SIU instituted legal action against the contractor with the Special Tribunal under case number GP17/2020. The department has since initiated disciplinary actions against the employees of the department for their role in the project. The disciplinary proceedings are still in progress.

86. Based on written responses and supported by evidence the following actions have been taken to resolve the material irregularity:

- National Treasury (NT) has placed both the consultant and the service provider on the list of restricted suppliers from September 2021 for a period of 10 years. The two companies were afforded an opportunity to make representation and the NT concluded on the process in January 2022 and has informed the trading entity of their decision to inform the companies of the taken decision. The contractors launched an appeal against this decision. The department appointed a new restriction committee on 31 March 2023 that will decide on whether the restriction of doing business with the state by contractor and principal agent is imposed or not as recommended by National Treasury. The deliberations are in progress.
- The lead investigator from the SIU managed to register a criminal case against the service provider on 22 July 2021 at SAPS Pretoria (Case: 359/07/2021), the investigation is still ongoing. On 8 March 2022, the Special Tribunal judgment was handed down on the matter. The judgment strips the contractor of any profits arising from the Beitbridge fence project.
- On 7 September 2022, the Special Tribunal Court dismissed with costs the leave to appeal by the contractor and principal agent. The SIU has since informed the department of both parties' intention to appeal to the High Court.
- The trading entity has implemented various initiatives to increase oversight on contract management for construction projects.
- The following disciplinary proceedings were instigated:
  - Eight (8) members of the National Bid Adjudication Committee (NBAC) received final written warnings and were suspended without pay for various periods, with effective from 1 November 2022. They have since all returned to work.
  - One (1) of the three (3) senior officials who are implicated in the investigation report has filed a notice to oppose his answering affidavit filed on 6 June 2022 and the state attorney has since applied for a hearing date with the registrar of the Labour Court. The filing is underway so that the registrar may issue a hearing date.

- The disciplinary action against the other two senior officials is on hold pending the finalisation of the high court application for review of the report based on the ruling made by the previous chairperson which was extended to the two officials.
- On 1 December 2022, the Council of the Engineering Council of South Africa (Ecsa) resolved to adopt the recommendations from the investigation conducted on professional engineers within and contracted or sub-contracted to the DPWI and its entities. On 14 June 2023, Ecsa extended the scope of the investigation to potential improper misconduct by registered person(s) employed by the department. The investigation is in progress.

87. Based on the assessment of the response and evidence presented, I have determined that the accounting officer has taken appropriate steps to address the MI.

**Beitbridge borderline infrastructure project establishment cost**

88. The accounting officer did not ensure that internal control measures and procedures were in place to detect that the establishment cost is not included in the BOQ and therefore that it will not be paid. This was in contravention with TR8.1.1. The accounting officer was notified of the MI on 13 November 2020 and invited to make a written submission on the actions taken and that will be taken to address the matter. The response was received on 10 December 2020 detailing the actions already taken and the planned actions to address the MI.

89. The investigation on the Beitbridge project was initiated on 25 April 2020 as per the Minister of DPWI's request. The investigation was conducted by the GRC unit with the assistance of the SIU who were seconded to the investigation. The investigation was finalised on 27 July 2020. The entity is currently implementing the recommendations stated on the investigation report. The SIU launched an application on 23 September 2020 to freeze the service provider's bank account. The Special Tribunal made an order by agreement that the service provider would not make any further claims for payment from the department. On 17 November 2020, the SIU instituted legal action against the contractor with the Special Tribunal under case number GP17/2020. The department has since initiated disciplinary actions against the employees of the department for their role in the project. The disciplinary proceedings are still in progress.

90. Based on written responses and supported by evidence the following actions have been taken to resolve the MI:

- The National Treasury has placed the service provider on the list of restricted suppliers from September 2021 for a period of 10 years. The company was afforded an opportunity to make representation and the NT concluded on the process in January 2022 and has informed the trading entity of their decision to inform the company of the taken decision. The contractors launched an appeal against this decision. The department appointed a new restriction committee on 31 March 2023 that will decide on whether the restriction of doing business with the state by contractor and principal agent is imposed or not as recommended by National Treasury. The deliberations are in progress.
- The lead investigator from the SIU has managed to register a criminal case against the service provider on 22 July 2021 at SAPS Pretoria (Case: 359/07/2021), the investigation is still ongoing. On 8 March 2022, the Special Tribunal judgement was handed down on



the matter. The judgment strips the contractor of any profits arising from the Beitbridge fence project.

- On 7 September 2022, the Special Tribunal Court dismissed with costs the leave to appeal by the contractor and principal agent. The SIU has since informed the Department of both parties' intention to appeal to the high court.
- The trading entity has implemented various initiatives to increase oversight on contract management for construction projects.
- The following disciplinary proceedings were instigated:
  - Eight (8) members of NBAC received final written warnings and were suspended without pay for various periods, with effective from 1 November 2022. They have all returned to work.
  - One (1) of the three (3) senior officials who are implicated in the investigation report has filed a notice to oppose his answering affidavit filed on 6 June 2022 and the state attorney has since applied for a hearing date with the Registrar of the Labour Court. The filing is underway so that the Registrar may issue a hearing date.
  - The disciplinary action against the other two senior officials is on hold pending the finalisation of the High court application for review of the report based on the ruling made by the previous chairperson which was extended to the two officials.
- On 1 December 2022, Ecsa resolved to adopt the recommendations from the investigation conducted on professional engineers within and contracted or sub-contracted to the DPWI and its entities. On 14 June 2023, the ECSA extended the scope of the investigation to potential improper misconduct by registered person(s) employed by the department. The investigation is in progress.

91. Based on the assessment of the response and evidence presented, I have determined that the accounting officer has taken appropriate steps to address the MI.

#### **Other reports**

92. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
93. Numerous allegations, mainly relating to alleged transgressions with regard to supply chain management, potential fraud and financial misconduct, irregularities on day to day maintenance and leases, are still being investigated on an ongoing basis by SIU. These investigation(s) were in progress at the date of this auditor's report.

Pretoria  
08 September 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### **Auditor-general's responsibility for the audit**

#### ***Professional judgement and professional scepticism***

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the trading entity's compliance with selected requirements in key legislation.

#### ***Financial statements***

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trading entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of trading entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a trading entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

***Communication with those charged with governance***

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(4); 44; 44 (1) and (2) ; 45(b) and 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 ; 7.2.1; 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c'); 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b) & (e); 16A 6.3(a) & (d); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A8.2 (1) and (2); 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1(c); 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2(a)(ii) & (iii); 17.1.1; 18.2; 19.6.1; 19.8.4
Public service regulation	Public service regulation 13(c );18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1) & section 29
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Act Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2005 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations 2017 (PPR)	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
Preferential Procurement Regulations 2022 (PPR)	Regulation 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c ); 3.3 (e ); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4 (a) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);

Legislation	Sections or regulations
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Index

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The reports and statements set out below comprise the annual financial statements presented to parliament:

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Statement of Comparison of Budget and Actual Amounts	308
Accounting Policies	309-373

The annual financial statements set out on pages 256 to 326, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2023 and were signed on its behalf by:

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Statement of Financial Position as at 31 March 2023

		2023	2022
	Note(s)	R'000	Restated* R'000
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	3 063 507	4 182 857
Receivables from non-exchange transactions	4	982	941
Operating lease asset	5	471 867	477 464
Cash and cash equivalents	6	22 640	2 806
		<b>3 558 996</b>	<b>4 664 068</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	142 825 907	143 573 184
Investment property	8	403 820	409 477
Heritage assets	9	6 435 504	6 419 344
Intangible assets	10	55 705	40 847
		<b>149 720 936</b>	<b>150 442 852</b>
<b>Total Assets</b>		<b>153 279 932</b>	<b>155 106 920</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	5	458 860	461 765
Bank overdraft	6	1 843 111	851 502
Deferred revenue	11	4 280 416	4 022 860
Payables from exchange transactions	12	3 344 878	5 133 998
Retention liabilities	13	371 032	329 191
Finance lease obligation	14	5 752	2 661
Employee benefit obligations	15	185 382	206 273
Provisions	16	1 331 247	923 237
		<b>11 820 678</b>	<b>11 931 487</b>
<b>Non-Current Liabilities</b>			
Deferred revenue	11	2 732 301	2 867 579
Retention liabilities	13	30 580	76 979
Finance lease obligation	14	6 284	2 690
		<b>2 769 165</b>	<b>2 947 248</b>
<b>Total Liabilities</b>		<b>14 589 843</b>	<b>14 878 735</b>
<b>Net Assets</b>		<b>138 690 089</b>	<b>140 228 185</b>



## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Statement of Financial Performance

		2023	2022
			Restated
	Note(s)	R'000	R'000
Revenue from exchange transactions	17	12 782 414	12 984 981
Revenue from non-exchange transactions	18	4 019 560	4 426 284
Construction revenue	19	91 490	66 677
<b>Total revenue</b>		<b>16 893 464</b>	<b>17 477 942</b>
<b>Expenditure</b>			
Construction expenses	19	91 483	66 677
Depreciation, amortisation and impairments on assets	20	3 083 539	3 145 541
Employee related costs	21	1 986 271	1 933 553
Impairment loss on receivables	22	1 667 611	2 372 018
Interest expense	23	726	413
Loss on disposal of asset	24	186 922	4 255
Operating leases	25	5 551 132	5 330 208
Property maintenance (contracted services)	26	2 867 418	2 969 012
Property Rates		1 556 807	1 907 751
Sundry operating expenses	27	1 439 652	1 345 026
<b>Total expenditure</b>		<b>18 431 561</b>	<b>19 074 454</b>
<b>Deficit for the year</b>		<b>(1 538 097)</b>	<b>(1 596 512)</b>

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Statement of Changes in Net Assets

		Accumulated surplus R'000
Opening balance as previously reported as at 1 April 2021		132 180 278
<i>Adjustments</i>		
Correction of prior period errors	35	9 644 419
<b>Balance at 1 April 2021</b>		<b>141 824 697</b>
<i>Changes in net assets</i>		
Deficit for the 12 months		(1 596 512)
Correction of prior period errors	35	(9 978 442)
Total changes		(11 574 954)
Balance as previously reported as at 31 March 2022		130 249 743
<i>Adjustments</i>		
Correction of prior period errors	35	9 978 442
<b>Balance at 1 April 2022 as restated*</b>		<b>140 228 185</b>
<i>Changes in net assets</i>		
Deficit for the year		(1 538 097)
<b>Balance at 31 March 2023</b>		<b>138 690 088</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Cash Flow Statement

		2023	2022
	Note(s)	R'000	Restated* R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Accommodation charges - private lease		5 204 134	5 069 279
Accommodation charges - state owned		6 880 296	6 626 169
Accommodation charges - freehold private		61 676	56 524
Augmentation		3 912 823	4 349 655
Management fees on municipal services		148 195	164 634
Municipal services recovered		2 954 276	3 292 673
Interest, fines, recoveries and other receipts		31 728	1 350
Construction revenue		-	67 741
		<b>19 193 128</b>	<b>19 628 025</b>
<b>Payments</b>			
Cleaning and gardening		346 886	346 451
Admin, goods and services		359 923	383 417
Repairs and Maintenance		3 133 802	2 485 913
Municipal services recoverable		3 769 347	4 479 745
Municipal services expenditure		433 456	471 562
Operating leases		5 852 543	4 639 244
Property rates		1 823 858	1 838 706
Compensation of employees		2 140 953	1 969 628
Covid-19 related expenses		-	18 399
Disallowance		78 284	67 741
		<b>17 939 052</b>	<b>16 700 806</b>
<b>Net cash flows from operating activities</b>	28	<b>1 254 076</b>	<b>2 927 219</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(2 190 486)	(2 979 218)
Additions to investment property	8	-	(18 823)
Acquisition of intangible assets		(19 906)	(13 130)
Additions to heritage assets		(21 419)	(37 688)
<b>Net cash flows from investing activities</b>		<b>(2 231 811)</b>	<b>(3 048 859)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(5 004)	(3 216)
Finance leases entered into		10 963	5 133
<b>Net cash flows from financing activities</b>		<b>5 959</b>	<b>1 917</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(971 776)</b>	<b>(119 723)</b>
Cash and cash equivalents at the beginning of the year		(848 696)	(728 968)
<b>Cash and cash equivalents at the end of the year</b>	6	<b>(1 820 472)</b>	<b>(848 691)</b>

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable Basis	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Performance</b>					
<b>Receipts</b>					
Accommodation charges - private lease	5 197 847	275 419	<b>5 473 266</b>	5 204 134	<b>(269 132)</b>
Accommodation charges - state owned	8 401 515	(1 290 136)	<b>7 111 379</b>	6 880 296	<b>(231 083)</b>
Rental debtors	73 468	-	<b>73 468</b>	61 676	<b>(11 792)</b>
Augmentation	4 453 670	(540 847)	<b>3 912 823</b>	3 912 823	-
Interest, fines, recoveries and other receipts	30 000	-	<b>30 000</b>	31 728	<b>1 728</b>
Management fees on municipal services	255 006	-	<b>255 006</b>	148 195	<b>(106 811)</b>
Municipal services recovered	5 100 126	-	<b>5 100 126</b>	2 954 276	<b>(2 145 850)</b>
<b>Receipts</b>	<b>23 511 632</b>	<b>(1 555 564)</b>	<b>21 956 068</b>	<b>19 193 128</b>	<b>(2 762 940)</b>
<b>Payments</b>					
Cleaning and gardening	360 531	(13 980)	<b>346 551</b>	346 886	<b>335</b>
Admin, goods and services	628 958	(229 015)	<b>399 943</b>	359 923	<b>(40 020)</b>
Repairs and Maintenance	1 109 986	(574 481)	<b>535 505</b>	529 344	<b>(6 161)</b>
Property Maintenance	1 415 835	834 178	<b>2 250 013</b>	2 245 087	<b>(4 926)</b>
Municipal services recoverable	5 100 126	-	<b>5 100 126</b>	3 769 347	<b>(1 330 779)</b>
Operating leases	5 364 450	275 419	<b>5 639 869</b>	5 852 543	<b>212 674</b>
Property rates	1 774 457	41 521	<b>1 815 978</b>	1 823 858	<b>7 880</b>
Compensation of employees	2 161 210	(5 650)	<b>2 155 560</b>	2 140 953	<b>(14 607)</b>
Municipal services expenditure	468 851	(39 432)	<b>429 419</b>	433 456	<b>4 037</b>
<b>Payments</b>	<b>18 384 404</b>	<b>288 560</b>	<b>18 672 964</b>	<b>17 501 397</b>	<b>(1 171 567)</b>
<b>Capital movements</b>					
Recoverable capital expenditure	2 523 618	(480 809)	<b>2 042 809</b>	1 396 218	<b>(646 591)</b>
Non-recoverable capital expenditure	2 560 640	(1 374 178)	<b>1 186 462</b>	1 215 143	<b>28 681</b>
Machinery and equipment	42 970	10 863	<b>53 833</b>	52 145	<b>(1 688)</b>
<b>Cash deficit</b>	<b>5 127 228</b>	<b>(1 844 124)</b>	<b>3 283 104</b>	<b>2 663 506</b>	<b>(619 598)</b>
	-	-	-	<b>(971 775)</b>	<b>(971 775)</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB), unless otherwise indicated, and in accordance with Section 91(1) of the Public Finance Management Act (Act No. 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand ("R") which is also the functional currency of the Property Management Trading Entity ("PMTE"). Values are rounded to the nearest thousand ("R'000") unless otherwise indicated.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Significant judgement and sources of estimation uncertainty

##### 1.1.1 Control of immovable assets

The Minister of Public Works and Infrastructure is the legal custodian of all immovable assets vested in national government, except in cases where custodial functions were assigned to other ministers by virtue of legislation before the commencement of GIAMA on 1 April 2009. The Department of Public Works (DPWI) assigned those functions to the PMTE and by virtue of the transfer of functions that occurred on 18 November 2013, and 30 March 2015, the PMTE controls those assets for accounting purposes. The PMTE benefits from the assets in pursuit of its objectives and regulates the access of others to the benefits of the assets (i.e. the PMTE decides who may benefit from the use of the assets). Control includes the ability to acquire, dispose and maintain the assets.

PMTE monitors state land reflected on the Deeds Register on an on-going basis. Land registered in the name of the national government, that could not be confirmed to be under the custodianship of other national custodians, is recognised by the PMTE. Any changes in ownership is derecognised accordingly. PMTE discloses a contingent asset for properties identified to be under its custodianship where the property could not be reliably measured due to the extent not being determined through the Office of the Surveyor General.

In terms of paragraph 7.37 of the vesting guidelines issued by Department of Rural Development and Land Reform on 30 March 2017, "for any provincial government to claim ownership of vacant land such province should provide proof of intended use. The absence of such proof automatically means that such land vests in the National Government of RSA". PMTE is thus deemed to have control over such land parcels and has currently recognised unvested land parcels.

PMTE recognises immovable assets where the property will vest with the national government based on the principles contained in the approved vesting guidelines.

Whilst properties (land and buildings) as outlined in the Endowment Act no. 33 of 1922 are disclosed in the financial statements of Department of Defence (DoD), there are a number of extended structures pertaining to such endowment facilities that have "encroached" onto neighbouring land under the custodianship of PMTE. Whilst such structures are reflected as part of endowment properties by DoD, the underlying land is currently reflected in immovable assets by PMTE until such time as it may be transferred to DoD. Control and or access over such land may be restricted given the DoD facilities thereon.

##### 1.1.2 Assets and liabilities related to the transfer of functions

For initial measurement purposes, assets acquired through the transfer of functions are measured at their carrying amounts as per the records of the DPWI. Where those carrying amounts do not represent GRAP compliant amounts, the carrying amounts were estimated using various measurement bases, depending on the type of asset or liability. For the purposes of determining a deemed cost, immovable assets transferred were valued using either the municipal valuations, comparable sales value or depreciated replacement cost. For movable assets a depreciated replacement cost was used. Financial assets and liabilities at fair value was used and other liabilities were transferred at the best estimate at the date of transfer. The DPWI transferred functions on two separate occasions, effective 18 November 2013 and 30 March 2015 respectively. For measurement purposes, 1 April 2013 and 1 April 2014 were used respectively. For further details refer to note 1.32.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.1 Significant judgement and sources of estimation uncertainty (continued)

#### 1.1.3 Useful life and residual values

The estimated useful lives of property, plant and equipment, investment property and intangible assets are assessed annually and is dependent on the condition of the assets. Management applies judgement in assessing the condition of the assets. The residual values are estimated to be zero as the PMTE will be utilising these assets over their entire economic life, unless clear evidence exists to the contrary.

Refer to note 1.7 for the accounting policies on estimated useful lives for property, plant and equipment, note 1.8 for investment property and note 1.10 for intangible assets.

#### 1.1.4 Classification of accommodation charges as lease revenue

As the intention of the PMTE is to provide accommodation at values that are directly equal to the value of the service being delivered, the PMTE categorises all accommodation charges, with the exception of prestige accommodation, as revenue from exchange transactions, notwithstanding the fact that this revenue may or may not equal the value of the service delivered.

The amount for prestige accommodation is determined in accordance with the ministerial handbook. The ministerial handbook allows for the ministers to stay free of charge in the first property provided to him or her. For the second property, the ministerial handbook requires the minister to be charged a percentage of his or her salary as a rental fee. This rental fee does not approximate the value of the service provided to the prestige clients. Therefore, the receivable is classified as a statutory receivable and the revenue is classified as a non-exchange transaction.

#### 1.1.5 Classification and measurement of leases

Management uses judgement to determine if a lease is classified as an operating or a finance lease. Management's judgement is based on whether risk and rewards incidental to ownership have been transferred.

Cognisance has been taken of the fact that client departments generally extend the period for which they lease premises through the PMTE where these properties are rented from the private sector. It is difficult to conclude that it is certain that the PMTE (as lessee) will always extend the lease term of leasehold property at inception of the lease because of the general occupation trend of its client departments. Taking everything into consideration, management is of the opinion that the risk and rewards incidental to ownership is not transferred during the lease term from either the lessee's or the lessor's perspective.

The same terms and conditions included in the underlying lease agreements with the landlord is used to determine the relevant presentation for lease-out arrangements.

The PMTE considers leases to be month-to-month leases when the underlying lease agreements on leasehold properties have expired and the asset is still being utilised by the client department.

As the lease terms and conditions are not determinable for month-to-month leases and freehold inter-governmental accommodation, the lease revenue and expenditure are recognised when due.

#### 1.1.6 Provision for maintenance

Management developed a model to determine the amount due to suppliers for work performed when job cards are outstanding and/or the value of the service has not been confirmed. The model is based on historical trends and costing data. The base line data is determined on actual information for payments made during 2016. For the purpose of determining the average time of service to be rendered, management stratified the data of calls logged and payments made in accordance with the severity of the incident. For the purpose of determining the average price per incident, the data was stratified based on the category of maintenance call. The average price is adjusted for the effect of inflation on an annual basis. The actual amounts due, on an individual basis, may differ significantly from the provision made.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.1 Significant judgement and sources of estimation uncertainty (continued)

#### 1.1.7 Impairment

##### Impairment of receivables measured at cost or amortised costs

The estimation and calculation of impairment are accounted for in accordance with the Standards of GRAP.

Accommodation charges from client departments are allocated through voted funds and are due within 30 days from invoice date. If client departments do not pay within 30 days, the receivable is considered for impairment.

An impairment loss is recognised firstly on individually significant (i.e. greater than 5 percent of balance) receivables. Thereafter an impairment loss is recognised on the remaining individually non-significant receivables. Impairment assessments are based on objective evidence as a result of one or more events that occurred during the reporting period. For clients which have defaulted, management is analysing historical payment trends to determine if the receivables have to be impaired. The actual write-offs may differ significantly from the impairment losses recognised.

Recovery rate is the rate used for both individually significant and non-significant receivables to estimate the present value of future cash flows for the expected payment are based on historical data or period. The average payment days for previous financial year is considered for the determination of date of the expected future payment date as part of the calculation of present value of expected cash flows. The discount rate used for impairment purposes is not adjusted for the different classes of receivables as the majority of the debt is with government departments.

##### Impairment of non-current assets

The PMTE uses the depreciated replacement cost method for measuring the impairment of majority of the immovable assets. Depreciated replacement cost is based on the current building indices factoring in the current condition rating assessed.

Assets under construction are considered for impairment when the project is cancelled, halted or delayed. For furniture, machinery, computer, office and other equipment, the asset is considered for impairment when it is no longer used, physically damaged or there is a significant change in the condition of the asset.

#### 1.1.8 Significantly delayed projects

A project is regarded as 'significantly delayed' when it has been delayed by more than 50% of the planned project period.

Projects are regarded as technically delayed, for financial statement disclosure purposes, when the project has not yet reached practical completion status at reporting date and the 'planned project period' has expired before the reporting date.

Projects that are 'Completed', 'Cancelled' or in the 'Planning and Design stage' are excluded from the population for the purpose of the 'significantly delayed' disclosures.

#### 1.1.9 Classification of immovable assets

Judgement is applied when classifying immovable assets between property, plant and equipment, investment property and heritage assets. Consideration is given to the type of property, the purpose for which the property is held, and the occupant. The main factor considered is whether PMTE holds the asset either for service delivery (in accordance with government objective), resulting in property, plant and equipment, or for capital appreciation and/or earning or rentals, resulting in investment property, or for future generations resulting in heritage assets. Where state property is rented out to another government entity or public service employees to provide cost effective accommodation services or for social services, these properties are classified as property, plant and equipment rather than investment property as the PMTE holds these assets to deliver on its mandate rather than to earn rentals or capital appreciation.

The Standard of GRAP on Investment Properties (GRAP 16) requires undeveloped land, for which no purpose has been determined, to be classified as investment property. However, where the land is acquired for strategic purposes, the land is to be classified as property, plant and equipment. In considering the classification of undeveloped land, the PMTE considers how it acquired the land and whether the land is being used. Where the land was acquired through expropriation or a result of legislation, the PMTE classifies the land as property, plant and equipment rather than investment property, as it is assumed to be acquired for strategic purposes in accordance with government's policies and aims.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.1 Significant judgement and sources of estimation uncertainty (continued)

PMTE determines the intended use of a facility by evaluating the characteristics of the facility against the criteria for Investment Property. The criteria for Investment Property are as follows:

The current occupant (lessee) is not an organ of state; and

- Future occupants of the facility will most probably not be an organ of state; and
- There is no intention for the facility to be occupied in future by an organ of state for the production or supply of goods or services, for administrative purposes or for executing its mandate; and / or
- The facility is held in its entirety, for long-term/future capital appreciation rather than for short-term sale in the ordinary course of operations; or
- The facility is specifically earmarked as Investment Property (i.e. for rental to occupants that are not organs of state; or for development with the sole intention to be leased to occupants that are not organs of state, or capital appreciation); and / or
- A vacant building/facility is held to be leased out under one or more operating leases on a commercial basis to external parties; and
- The intended use is of a dual nature/purpose. A facility will only be classified as Investment Property if the main purpose and most significant use of the facility is to earn rentals or capital appreciation; or
- The facility is being constructed or developed for future use as investment property.

Heritage assets may be used for administrative purposes. Management uses judgement to determine whether a significant portion of the heritage asset is utilised for office accommodation. If a significant portion of the heritage asset is utilised for administrative purposes, the asset is classified as property, plant and equipment under the Standard of GRAP on *Property, Plant and Equipment* (GRAP 17).

For purposes of classifying these non-financial assets that are subject to impairment, either as cash-generating or non-cash generating, PMTE applied the following criteria:

- The purpose for which the asset is held;
- The intention to earn commercial (profit-making) return on the property;
- The ability to earn commercial return on the property; and
- The restrictions on the use of the property by PMTE.

The PMTE, as a trading entity of the DPWI, is accountable for these assets and needs to maintain these assets on behalf of national government. It cannot use these assets for any other purpose than to deliver on its mandate (consistent with GIAMA and the PFMA). The PMTE has to provide accommodation to other departments to enable them to deliver on their mandates. Where the PMTE does ask market related rent on property that is not utilised by other departments, it is not considered material and therefore all non-financial assets have been classified as non-cash generating for impairment purposes.

#### 1.1.10 Principal - agent relationships

The PMTE's mandate is to manage the accommodation and infrastructure needs of national departments. Should the PMTE be unable to satisfy the accommodation needs of a particular client department through the use of state-owned property, the PMTE would lease the required property from a private landlord, on behalf of the client department, and for their beneficial occupation. Consideration was given as to whether the PMTE is acting as an agent on behalf of the client departments, as a result of carrying out these activities.

Management, however, is of the opinion that the decision making ability, the accountability, the credit risk and the value added processes all rest with the PMTE. This indicates that the PMTE is the principal with regards to the lease arrangement with the respective landlords.

Client departments occupying properties are liable for the municipal services charges incurred in utilising those properties. The PMTE offers a service of paying the municipal service charges on behalf of the client departments and then recovering those costs directly from the client department. For this service, the PMTE charges a 5% management fee which is invoiced and recovered from the client department. The PMTE is acting as an agent with regards to the payment and recovery of these municipal service charges. The management fee for rendering this service is recognised as revenue for the PMTE.

The PMTE is using certain public entities to manage projects on its behalf and is liable to pay a management fee to these entities for the services delivered by them. In these arrangements, the PMTE still remains the principal and is still fully accountable for the work performed.



# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.1 Significant judgement and sources of estimation uncertainty (continued)

#### 1.1.11 Related party disclosure

The Standard of GRAP on Related Party disclosures (GRAP 20) provides exemption from detailed disclosures where those transactions are on:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the PMTE to have adopted, if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by our mandate.

In the absence of a pricing strategy for leases, judgement is made to determine the disclosures around related party transactions based on the nature of the transactions and the associated terms. In addition, many services have been rendered in-kind to the PMTE stemming from its relationship with the DPWI. Due to the nature of these transactions, where amounts could not be measured reliably, only a narrative disclosure is made. This is in line with the principle in the Standard of GRAP on Revenue from Non- exchange Transactions (GRAP 23) to not recognise certain services -in-kind where it cannot be measured reliably. It is difficult to measure the value of these services and they are usually consumed within the period. Where amounts could be reliably measured, they have been recognised.

#### 1.2 Receivables from exchange transactions

Receivables from exchange transactions are recognised when exchange revenue is due to the PMTE through legislation (statutory receivables) or in accordance with an agreement (financial assets). Refer to note 1.16 and 1.17 respectively.

#### 1.3 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when non-exchange revenue is due to the PMTE through legislation (statutory receivables) or in accordance with an agreement (financial assets). Refer to note 1.16 and 1.17 respectively.

#### 1.4 Leases

The PMTE classifies lease agreements in accordance with risk and rewards incidental to ownership.

The lease is classified as a finance lease where:

- (a) the lessor transfers substantially all the risks and rewards to the lessee;
- (b) the lease transfers ownership of the asset to the lessee by the end of the lease term;
- (c) the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- (d) the lease term is for the major part of the economic life of the asset even if title is not transferred;
- (e) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- (f) the leased assets are of a such a specialised nature that only the lessee can use them without major modifications.

All other leases are classified as operating leases

#### Finance leases - PMTE as a lessee

Where the PMTE has assessed itself to be a lessee to a finance lease arrangement, it recognises a finance lease liability and a related leasehold asset, which would be disclosed as part of property plant and equipment. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The PMTE recognises finance lease liabilities resulting from finance leases as a liability in the Statement of Financial Position. Minimum lease payments is apportioned between the finance charge and the reduction of the outstanding liability. Such liabilities are presented as a payable at an amount equal to the net obligation of the lease. Interest expense is recognised based on the interest rate implicit in the finance lease. Where the fair value of the assets are not available to determine the implicit interest rate in the lease, the PMTE uses the rate applicable to debt owed by the state. The liability is recognised at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.4 Leases (continued)

#### Operating leases - PMTE as a lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term where the lease term exceeds one month; except where the terms and conditions have not been determined or are in the process of being re-negotiated. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. Lease revenue is presented as accommodation charges in the Statement of Financial Performance and notes to the financial statements. The PMTE recognised month-to-month leases as revenue from exchange transactions as and when the revenue is due.

#### Operating leases - PMTE as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term where the lease term exceeds one month; except where the terms and conditions have not been determined or are in the process of being re-negotiated. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.5 Freehold Accommodation Leases

#### Operating leases - PMTE as a lessor

Operating lease payments are recognised as an expense on a straight-line basis over the lease term where the lease term exceeds one month. In instances where NT approval does not split the cost elements, i.e. municipal property rate cost, future refurbishment reserve, maintenance/operating costs and PMTE cost is taken into consideration.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. Lease revenue is presented as accommodation charges in the Statement of Financial Performance and notes to the financial statements.

### 1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are classified as financial instruments (refer to note 6).

### 1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, strategic or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses, except for assets under construction, land and heritage assets, these are subsequently measured at cost less accumulated impairment losses. Land is not depreciated.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.7 Property, plant and equipment (continued)

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Major inspection costs which are a condition of the continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Heritage assets assessed as having a dual function of being a heritage asset and providing accommodation services are recognised as property, plant and equipment, if a significant portion of the heritage asset is utilised for office accommodation. Refer to note 1.9 for the accounting policy for other heritage assets.

With the exception of assets acquired through the transfer of functions under common control which is measured at deemed cost as the carrying value at the date of transfer, where property, plant and equipment is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that the future economic or service potential benefit associated with that item will flow to the PMTE and the cost thereof can be reliably measured.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These components are depreciated separately.

Depreciation is calculated on a straight line basis over the expected useful lives of each item. Depreciation is charged to the surplus or deficit, unless it is included in the carrying amount of another asset. Depreciation commences on an asset when it is in the condition necessary for it to be capable of operating in a manner intended by management.

Assets under construction are ready for their intended use once a completion certificate or occupational certificate has been issued. At this point depreciation will commence.

The useful life, depreciation method and a residual value for property, plant and equipment are reviewed annually. Any changes are recognised as a change in accounting estimates and included in depreciation.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Building and improvements (including components)	
• Low rise buildings (up to 4 floors)	12 - 50 years
• High rise buildings (more than 4 floors)	40 - 80 years
• Warehouse / garage / storerooms	40 - 60 years
• Prisons	100 years
• Barracks	12 - 50 years
• Dwellings	40 - 60 years
• Temporary structures	30 years
• Roads, harbours and mines	12 - 35 years
• Boundary fences on vacant land	15 years
• Water and other infrastructure	20 - 60 years
• Airport runways	40 - 60 years
• Dams and reservoirs	100 years
• Other	12 - 50 years
Land	indefinite useful lives
Furniture and office equipment	5 - 15 years
Vehicles	5 - 10 years
Computer equipment	3 - 15 years
Other machinery and equipment	10 - 30 years

The PMTE assesses annually at each statutory reporting date whether there is any indication that an asset may be impaired. If such indication exists, the PMTE estimates the recoverable service amount or recoverable amount for non-cash - generating and cash generating assets respectively. An impairment loss is recognised where the carrying amount exceeds the asset's recoverable service amount or recoverable amount as applicable.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.7 Property, plant and equipment (continued)

The PMTE assesses annually at each statutory reporting date whether there is any indication that an impairment loss recognised in prior period for an asset may no longer exist or may have decreased. If such indication exists, the PMTE estimates the recoverable service amount or recoverable amount of that asset. Any impairment loss recognised in prior periods for an asset is only reversed if there has been a change in the estimated use to determine the asset's recoverable service amount since the last impairment loss was recognised. Reversals of impairment is limited to the carrying amount of the asset had no impairment been recognised for the asset in prior periods.

Impairment losses and reversals of impairment losses are recognised in the surplus or deficit in the period in which the event occurs.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. If a component is replaced, the carrying amount of the existing component is derecognised and the value of the new component is recognised.

The PMTE is not allowed to dispose of or transfer immovable assets under its custodianship unless approved by the Minister of Public Works and Infrastructure or his delegated official, considering the restriction of the State and Land Disposal Act (Act No. 48 of 1961).

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.8 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost, including transaction costs. Investment property is subsequently carried at cost less accumulated depreciation and any accumulated impairment losses, except for land. Land is not depreciated.

With the exception of assets acquired through a transfer of functions under common control which is measured at carrying amount, where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Depreciation is calculated on a straight line basis over the expected useful lives of each item. Depreciation is charged to surplus or deficit. Depreciation commences on assets when they are in the condition necessary for them to be capable of operating in the manner intended by management. Depreciation ceases when the asset is disposed.

Item	Useful life
Land	indefinite
Buildings and improvements	12 - 100 years

Refer to note 1.7 for a detailed breakdown of the useful lives of the building and improvements.

Assets under construction are ready for their intended use once a practical completion certificate or occupational certificate has been issued. At this point depreciation will commence.

The useful life, depreciation method and residual value for investment property are reviewed annually. Any changes are recognised prospectively as changes in accounting estimates in surplus or deficit.

Impairment and reversals of impairment are recognised in surplus or deficit in the period in which the event occurs.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.8 Investment property (continued)

The PMTE is not allowed to dispose of or transfer immovable assets under its custodianship unless approved by the Minister of Public Works and Infrastructure or his delegated official, considering the restriction in the State and Land Disposal Act (Act No. 48 of 1961).

Items of investment property assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Gains and losses on the de-recognition of investment properties, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment (refer to note 1.7).

### 1.9 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

PMTE recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

Heritage assets are measured at cost.

With the exception of assets acquired through the transfer of functions under common control which is measured at deemed cost, where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Heritage assets assessed as having a dual function, of which a significant portion is held for the provision of accommodation or administrative purposes, are recognised and disclosed as property, plant and equipment.

The cost of an item of heritage assets is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Heritage assets that cannot be reliably measured are not recognised, but relevant information about these assets are disclosed in the notes, if applicable. Any costs incurred subsequently shall be recognised in surplus or deficit as incurred.

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Heritage assets are not depreciated as they are regarded as having an indefinite useful life but are annually assessed for impairment. If any such indication exists, the PMTE estimates the recoverable amount or the recoverable service amount of the heritage asset.

An impairment loss is recognised where the carrying amount exceeds the recoverable service amount for non-cash generating assets. Impairment losses and reversals of impairment are recognised in surplus or deficit in the period when the event occurs.

PMTE derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

### 1.10 Intangible assets

The PMTE recognises intangible asset when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Where the PMTE acquires the rights to use an asset, other than exercising its rights through legislation, it classifies these as intangible assets.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.10 Intangible assets (continued)

With the exception of assets acquired through the transfer of functions under common control which is measured at carrying amount, where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are initially recognised at cost and subsequently carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period, the amortisation method and the residual values of the intangible assets with finite useful lives are reviewed annually. Intangible assets with indefinite useful lives are tested annually for impairment. Any changes are recognised as a change in accounting estimate in surplus or deficit.

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of the intangible assets, unless such useful lives are indefinite. Amortisation commences on the asset when they are in the condition necessary for them to be capable of operating in a manner intended by management.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	1-5 years

Items of intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the de-recognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

Impairments and reversals of impairments are recognised in surplus or deficit in the period that the event occurs. Losses or gains on impairments and impairment reversals are treated similarly to gains and losses for property, plant and equipment (refer to note 1.7).

### 1.11 Payables from exchange transactions

The PMTE recognises payables from exchange transactions where liabilities result from counter performance by respective parties as a result of exchange transactions.

Payables from exchange transactions are initially measured at fair value. Where the outflow is expected to be cash or another financial asset, the payable is classified as a financial liability.

The PMTE recognises in payables an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but an invoice or formal request for payment has not been received at the reporting date as well as outstanding invoices.

### 1.12 Employee benefits

#### Short-term employee benefits

The PMTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid.
- Where the amount paid exceeds the undiscounted amount of the benefits due, the PMTE recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the PMTE uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the cost of the related property, plant and equipment, investment property or intangible asset item.

#### Leave benefits

The PMTE recognises the expected cost of short-term employee benefits in surplus or deficit, in the form of compensated absences (paid leave) when the employees render services that increase their entitlement to leave benefits.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.12 Employee benefits (continued)

The expected cost of accumulating leave benefits is measured as the additional amount that the PMTE expects to incur as a result of the unused entitlement that has accumulated at the reporting date.

#### Performance and service bonuses

The PMTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. A liability for service bonus is accrued on a proportionate basis as services are rendered. A liability for performance bonus, which is based on the employee's performance in the applicable year, is raised on the estimated amount payable in terms of the incentive schemes. The PMTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

#### Retirement and medical benefits

All permanent employees are members of the Government Employees Pension Fund (GEPF), which is a defined benefit plan. Employees are contributing 7.5% of their pensionable salary towards the fund on a monthly basis. PMTE contributes a further 13% to the fund on behalf of the employees. Obligations are limited to the contributions made and any shortfall in the GEPF is made good by the State, therefore the PMTE accounts for the fund as a defined contribution plan. Payments are charged as an expense to employee cost in surplus or deficit in the same year as the related services is provided.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### Long service awards

The PMTE recognises the expected cost of short-term employee benefits in surplus or deficit, in the form of long service awards, when the employees render services for a period that entitles them to long service award benefits as prescribed by DPSA policies.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.13 Retention liabilities

A retention liability is recognised as a financial liability where monies due to a contractor are withheld for a set period of time during which the PMTE has an enforceable right to have defects remedied by the contractor. The measurement of the retention liability is the same as payables from exchange transactions which have been classified as financial liabilities. The liability is derecognised when the liability is settled or when the contractor defaults and is not entitled to settlement.

### 1.14 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date, discounted to present value where the time value of money is expected to be material.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Provisions where the timing of the outflow is uncertain is classified as current liabilities.

Contingent assets are disclosed where the PMTE has a probable inflow of resources but the inflow did not meet the recognition criteria of an asset. Contingent liabilities are disclosed where a liability is subject to an uncertain event or the outflow is only assessed to be possible.

Contingent assets and contingent liabilities have been based on the best estimate available at the time of preparing the financial statements.

Contingent liabilities relating to litigations have been based on the assessment of the estimated claim against the PMTE as at the end of the reporting period. Contingent liabilities on retentions, leases, unscheduled maintenance and municipal rates and services are based on management's calculations of the possible inflows/outflows expected to be settled.

### 1.15 Reserves

The PMTE's reserves are made up of accumulated surplus.

Accumulated surplus is mainly built up to ensure adequate rehabilitation and maintenance of state owned infrastructure and future infrastructure development.



# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.16 Statutory receivables and payables

#### Classification, recognition and measurement

Statutory receivables and payables arise from the right to receive cash or make payments in terms of legislative requirements. The PMTE will recognise receivables when it obtains the right to receive assets in terms of legislation, at the amount determined in the legislation (i.e. transaction price), which is the fair value at initial recognition. Thereafter the receivable will be assessed for impairment.

Payables arising from legislative requirements are measured at the amount determined in legislation (i.e. transaction price).

Statutory receivables and payables are not discounted.

#### Impairment of receivables measured at cost

At each end of the reporting period, the PMTE assesses all receivables to determine whether there is objective evidence that the asset or group of assets have been impaired. The inability to redeem amounts due based on the payment history is considered to be indicators of impairment.

If there is objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, excluding future credit losses not yet incurred. Impairment loss on receivables is impaired directly to the receivables. Receivables at cost are discounted at a risk free rate adjusted for the risk associated with the debt. Impairment losses are recognised in surplus or deficit as expenses.

Impairment losses are reversed when an increase in the receivable's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised. The amount of the reversal is recognised in surplus or deficit.

### 1.17 Financial instruments

#### Classification, recognition and measurement

The PMTE recognises a financial asset or a financial liability when it becomes a party to the contractual arrangement in the instrument.

The PMTE recognises financial assets using trade date accounting.

The PMTE does not offset a financial asset and a financial liability unless a legally enforceable right to offset the recognised amounts currently exists and the PMTE intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Interest relating to a financial instrument or a component of a financial instrument is recognised as revenue or expense in surplus or deficit.

The PMTE's financial instruments consists only of cash and cash equivalents, including the bank overdraft and non-derivative instruments such as leases, receivables and payables with no or minimal transaction costs.

All financial instruments are initially measured at fair value and subsequently at amortised cost using the effective interest method, except for leases (refer to note 1.4).

Transaction costs in respect of financial instruments which are not at fair value through surplus or deficit are included in the initial measurement of the instrument.

Interest is charged on debt outstanding exceeding the normal credit terms at the rate applicable for debt owed to the State, except for debt owed by government institutions.

The effect of payment for short term receivables outstanding for longer than the 30 days is considered during the impairment assessment.

#### Impairment of assets

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.17 Financial instruments (continued)

The PMTE assesses at the end of each reporting period whether there is any objective evidence that a financial or non-financial asset or group of assets are impaired.

#### *Financial assets measured at amortised cost:*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). Impairment loss on receivables is accounted for directly to the receivables. Financial assets at amortised cost are discounted to the original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly to the receivable. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date of reversal. The amount of the reversal is recognised in surplus or deficit.

At the end of each reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets have been impaired.

#### *Non-financial assets measured at cost:*

Where the carrying amount of a non-financial asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit. In assessing the value in use, the PMTE has adopted the depreciated replacement cost approach.

For further details regarding impairment of property, plant and equipment, investment property, heritage assets and intangible assets, refer to note 1.7.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.17 Financial instruments (continued)

#### Derecognition

##### *Financial assets*

PMTE derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - a) derecognise the asset; and
  - b) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

##### *Financial liabilities*

PMTE derecognises a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on *Revenue from Non-exchange Transactions*.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.18 Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Revenue earned from accommodation charges is classified as lease revenue (refer to note 1.4 for further details on recognition and measurement of lease revenue). Accommodation charges are measured based on:

- the cost of leasing in (in the case where property is leased in from the private sector);
- the budget devolution as agreed upon with the client departments (in the case of state owned accommodation leased to client departments);
- approved accommodation charge in consultation with National Treasury for state accommodation; or
- the market related rental (in the case of state owned accommodation leased to the private sector and individuals).

Accommodation charges disclosed in the financial statements consists of:

- Leasehold inter-governmental, which refers to lease revenue earned from assets which are owned by the private sector, which is then sub-leased to client departments;
- Freehold inter-governmental, which refers to lease revenue from state owned assets leased to client departments; and
- Freehold private, which refers to lease revenue from state owned assets leased to the private sector and individuals

Revenue from construction contracts is classified as revenue from exchange transactions and recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, construction revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the surplus or deficit in the period in which it was incurred. Refer to note 1.21 for further details.

Interest is recognised, in surplus or deficit, using the effective interest rate method. Interest is inter alia earned on advances provided on projects conducted by implementing agents and outstanding debt.

The PMTE pays municipal services on behalf of the client departments and earns 5% management fee on the value of the invoice. The management fee earned is recognised as revenue from exchange transactions in the surplus or deficit. Any amounts owed or overpaid on the management fee is recognised either as a receivable or payable from the exchange transactions as appropriate.

Other revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Revenue will be recognised in the surplus or deficit when it becomes due to the PMTE. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebate.

### 1.19 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

The PMTE recognises the inflow of resources from a non-exchange transaction as revenue when it controls the asset, except in cases where a liability or equity is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions until the conditions relating to the revenue has been satisfied. Revenue from non-exchange transactions is measured initially at fair value.

Transfer payments received from the DPWI in order to fund operations and manage properties under the custodianship of DPWI, are referred to as augmentation and is classified as revenue from non-exchange transactions.

Revenue earned from freehold prestige accommodation charges is classified as lease revenue. Freehold prestige accommodation charges are recognised based on the reduced market related rental as per the ministerial handbook.

Where services are received in-kind and a reliable estimate can be made, the PMTE recognises the related revenue. In all other cases, the PMTE only discloses the nature of the transactions.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.20 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The PMTE recognises expenditure in surplus or deficit when a decrease in future economic benefits or service potential relates to a decrease in an asset or an increase in a liability, other than those relating to distributions to owners.

The PMTE recognises expenses immediately in surplus or deficit when no future economic benefits or service potential are expected or when and to the extent that, future economic benefits or service potential do not qualify or cease to qualify for recognition as an asset in the Statement of Financial Position.

The PMTE also recognises expenses in surplus or deficit in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Interest expense is recognised as an expense in surplus or deficit in the period in which they are incurred, using the effective interest method.

### 1.21 Construction contracts and receivables

Expenditure incurred in respect of recoverable capital projects, where such project is executed on immovable assets which are not under our custodianship are classified as construction costs and recognised in the Statement of Financial Performance. An equivalent amount is then recognised in revenue on a full cost recovery basis and the related receivable is recognised when the amount becomes recoverable.

### 1.22 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

### 1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.24 Irregular, Fruitless and wasteful expenditure

Irregular, fruitless and wasteful expenditure, as defined by the PFMA, and material losses through criminal conduct is recognised as expenditure in the surplus or deficit according to the nature of the payment and disclosed separately in notes and 31. When an amount becomes recoverable, a receivable is recognised. Any receivables recognised as a result of irregular, fruitless and wasteful expenditure or material losses through criminal conduct, are subject to an annual impairment assessment.

### 1.25 Related parties

The PMTE is controlled through the DPWI at National Government level. Other than management and their close family, only parties within the national sphere of government and entities reporting to National Departments that are subject to common control, is considered related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Management include officials like the Minister, the Minister's advisor, members of the Executive Committee (EXCO), chairpersons of significant committees, head of units and regional managers. Where the remuneration of management is not accounted for by the PMTE (as included in note 35), the remuneration is not included in the disclosure. This includes the remuneration of the Chief Financial Officer, the Director-General and the Minister of Public Works and Infrastructure. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, management in their dealings with the entity.

Only transactions with related parties not at arms' length or not in the ordinary course of business are disclosed in note 35. Movable assets that have not been transferred specifically to the PMTE are not recognised by the PMTE but are recorded by the DPWI.

### 1.26 Budget information

The PMTE presents a comparison of budget amounts and actual amounts as a separate additional financial statement. The approved and final budget amounts are prepared on a modified cash basis. The budget is prepared based on the nature of the revenue and the expenditure. The actual amounts (prepared on an accrual basis) are adjusted for basis differences for comparability purposes.

The PMTE budgets for revenue including the transfer payment received through the DPWI. The PMTE budget is part of the overall DPWI vote.

### 1.27 Commitments

Items are classified as commitments when the PMTE has committed itself to future transactions that will normally result in the outflow of cash. The current year's estimates are based on unrecognised capital and maintenance expenditure which has been approved and either contracted for or an order has been issued to the supplier relating to immovable assets.

See Notes: 7, 8, 9, 10 for additional disclosure. The PMTE also manages other projects on behalf of client departments which are not in respect of the PMTE's immovable assets. These agency commitments have been disclosed in note 33.

### 1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 1.29 Going concern assumption

These annual financial statements have been prepared on the going concern basis. Refer to note 36.

### 1.30 Comparative figures

Comparative figures have been adjusted to correct errors identified in the current year but relating to prior years. The effect of the restatements are disclosed in note 35.

### 1.31 Deferred revenue

The PMTE recognises an amount for deferred revenue where the leasing revenue (accommodation charges - freehold inter-governmental) recognised from client departments is deferred until the project is ready for use and capitalised under immovable assets.

### 1.32 Transfer of functions between entities under common control

The transfer of functions from entities under common control are accounted for by the PMTE by recognising the assets acquired and liabilities assumed at the carrying amount measured in accordance with the Standards of GRAP. The difference between the assets and liabilities is recognised in accumulated surplus or deficit.

The PMTE acquired the following functions and the related assets and liabilities from the DPWI on 30 November 2013:

- Asset Investment Management
- Property Management
- Facilities Management
- Key Account Management
- Regional Finance Units

The transitional provisions for the recognition and measurement of this transfer expired on 31 March 2017.

The PMTE acquired the following functions and the related assets and liabilities from the DPWI on 30 March 2015:

- Inner City Regeneration
- Projects and Professional services
- Regional co-ordination
- Supply Chain Management
- Regional support and Regional Managers

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

The transitional provisions for the recognition and measurement of this transfer expired on 31 March 2018

### 1.32 Entity-wide disclosure

The PMTE Operates within all geographical provinces with South Africa through its 11 regional offices and head office. Each Province has 1 Regional office each, except for Gauteng which has two physical regional offices plus head office and the Eastern Cape which has 2 regional offices. The Standard on Segmental Reporting (GRAP 18) requires an entity to disclose, where information is available without incurring excessive costs of disclosure, specified information relating to those said geographical areas as follows:

- (a) external revenues from non-exchange transactions and external revenues from exchange transactions attributed to the geographical areas in which it operates;
- (b) total expenditure attributed to the geographical areas; and
- (c) Non-current assets<sup>2</sup> other than financial instruments, deferred tax assets (where applicable), post-employment benefit assets, and rights arising under insurance contracts for the geographical areas.

The PMTE has assessed the availability of such information and the information is only available at geographical area in respect of expenditure. Within the expenditure attributed to each geographical area, where the expenditure is inextricably linked with an item of revenue or non-current assets where it is impracticable to allocate per geographical area, then such expenditure has been allocated to the head office. This includes Impairment losses, depreciation on immovable properties and straight lining of operating leases.

The costs to develop reports and interfaces to meet the remainder of the requirements of the entity-wide disclosure of GRAP 18 is deemed to be excessive.



# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 2. Standards of GRAP issued but not yet effective

#### 2.1 Standard and Interpretation effective and adopted in the current year

The PMTE has not early adopted standards and interpretations as there are no mandatory changes on the standard.

#### 2.2 Standards and Interpretation issued, but not yet effective

The PMTE has not applied the standards below which have been approved but not yet effective. The adoption of this Standard is not expected to have an impact on the results of the PMTE, but may result in more disclosure than is currently provided in the financial statements.

*Standard/ Interpretation:*

- GRAP 25 on Employee Benefit	effective on 1 April 2023
- Amendment to GRAP 1 on Presentation of Financial Statement	effective on 1 April 2023
- iGRAP 21 on effect of Past Decision on Materiality	effective on 1 April 2023
- GRAP 103 on Heritage Asset (revised)	effective date to be determined
- GRAP 104 on Financial Instrument (revised)	effective on 1 April 2025
-GRAP 2020 on Improvement on the Standard of GRAP 2020	effective date 1 April 2023

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>3. Receivables from exchange transactions</b>		
<b>Financial assets</b>		
Accommodation debtors - leasehold inter-governmental	208 520	323 137
Accommodation debtors - freehold inter-governmental	297 664	648 845
Accommodation debtors - freehold private	50 412	34 468
Municipal services	440 273	371 724
Debt account	96 967	66 018
Revenue accrual - recoverable leases	53 600	477 210
Revenue accrual - recoverable municipal services	375 482	474 719
Revenue accrual - recoverable projects	331 959	484 443
Municipal deposits	22 842	21 094
Implementing agents	55 818	54 519
Other receivables	992	765
Recoverable property rates *	-	-
	<b>1 934 529</b>	<b>2 956 942</b>
<b>Non-financial assets</b>		
Prepaid expenses - implementing agents	511 795	697 980
Prepaid expenses - leases	213 093	132 850
Prepaid expenses - other	78 316	74 489
Prepaid expenses - municipal services	104 842	37 658
Creditors with debit balances	220 932	282 938
	<b>1 128 978</b>	<b>1 225 915</b>
	<b>3 063 507</b>	<b>4 182 857</b>

The R3,064 billion Receivables from exchange reflected above (2022: R4,183 billion) is the rand value after taking into account the impairment values of R9,246 billion (2022: R7,968 billion).

The applicable interest rate for outstanding freehold private receivables and debt account receivables for the period is 10,75% (2022: 7.5%).

Revenue accruals relates to services rendered to our clients but not yet invoiced.

Included in the prepaid expenses are contractual advances to other government entities which are implementing agents of the PMTE. Interest earned on these advances is included in implementing agents under financial assets above at an average effective interest rate of 2.7% (:2022 3.7%).

\*The gross amount for recoverable property rates amounts to R60 million ( 2022: R69 million). The full amount is impaired as it relates to amounts not yet invoiced to client departments and third parties and are likely not to be recovered.

The following are implementing agents that make-up the Prepaid expense-implementing agents:

Implementing Agent – Assets	2023	2022
Amatola Water	-	16 913
COEGA	75 531	83 378
DBSA	288 130	268 556
GTAC	95 942	64 747
IDT	52 192	264 386
	<b>511 795</b>	<b>697 980</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

2023	2022
R'000	R'000

### 3. Receivables from exchange transactions (continued)

The PMTE has signed Memorandums of Understanding with the following implementing agents:

- Amatola Water
- Coega
- DBSA
- IDT
- GTAC

In all these MOU's, the PMTE is deemed to be the principal and the primary objective of these agreements are such that the implementing agents will execute both Capex and Opex construction projects on behalf of the PMTE. Except for GTAC MOU, the implementing agents are entitled to receive management fees. In a few limited projects, the underlying project was not construction in nature, but more of a consultative and service in nature.

As part of the respective MOU's the COEGA, IDT and DBSA have separate bank accounts in which all PMTE projects are managed. The PMTE is then entitled to all the interest earned in these ring-fenced bank accounts. Any changes to the scope or other forms of variation at project level are administered in line with the applicable PMTE Variation Order Committee process, any amendments to the MOU's must be approved in writing by both parties and no such amendments occurred during the 2022/23 financial year.

An amount of R41,9 Million was earned by implementing agents for management fees for the 2022/23 financial year. No principal/agents arrangements were terminated for the 2022/23 financial year.

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	7 968 073	5 842 674
Provision for impairment	1 667 018	2 359 339
Reversal of Impairment	(384 419)	(233 940)
Write off of provision	(5 079)	-
	<b>9 245 593</b>	<b>7 968 073</b>

Some Prepaid expenses have been derecognised retrospectively due to the assessment that was conducted by the Department with Municipalities. The Department reconciled the amount owed by the Municipalities and confirmed that the amounts paid for municipal service and property rate accounts were allocated to the accounts of the Department.

#### Individually significant receivables that are impaired

Individually significant receivables are identified if the specific receivable's outstanding balance exceeds 5% of the total outstanding balance for the class of receivable. The factors to identify impairment are similar to the group assessment for impairment. The analysis below shows the total accumulated impairment from individually significant receivables, as a percentage of the gross receivable balance per class of receivable:

	2023	2022
	%	%
Accommodation debtors - freehold inter-governmental	88	73
Accommodation debtors - leasehold inter-governmental	78	63
Accommodation debtors - freehold private	83	63
Municipal services	90	86
Recoverable property rates	100	100

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>4. Receivables from non-exchange transactions</b>		
Accommodation debtors - freehold prestige	982	941
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	7 851	6 886
Provision for impairment	598	965
	<b>8 449</b>	<b>7 851</b>

The R982 thousand Receivables from non-exchange reflected above (2022: R941 thousand) is the rand value after taking into account the impairment values of R8,449 million (2022: R7,851 million).

Certain properties are leased to prestige clients. According to the ministerial handbook, prestige officials receive one state owned residence at no charge. If available, prestige officials may occupy a second state owned residence which is charged at a reduced rental as prescribed.

### 5. Operating lease asset (accrual)

	Note	2023 R'000	2022 R'000
Current assets	5.1	471 867	477 464
Current liabilities (PMTE as lessee)	5.5	(458 860)	(461 765)
		<b>13 007</b>	<b>15 699</b>

#### 5.1 Total operating lease asset - PMTE as lessor

Leasehold inter-governmental Freehold private	456 468	448 416
	8 957	22 720
Straight-line Freehold Accommodation Charge	6 442	6 328
	<b>471 867</b>	<b>477 464</b>

#### 5.2 Total minimum lease receipts - PMTE as Lessor:

##### Leasehold Inter-governmental

Within one year	3 066 571	3 278 280
In second to fifth year inclusive	4 728 913	5 330 691
Later than five years	534 740	864 772
	<b>8 330 224</b>	<b>9 473 743</b>

#### 5.3 Total minimum lease receipts - PMTE as lessor: Freehold private

Within one year	12 970	26 969
In second to fifth year inclusive	20 122	53 521
Later than five years	4 252	24 245
	<b>37 344</b>	<b>104 735</b>

#### 5.4 Total minimum lease receipts - PMTE as lessor : Freehold Inter-governmental

Within one year	505 037	503 435
In second to fifth year inclusive	44 180	86 057
	<b>549 217</b>	<b>589 492</b>

*Leasehold inter-governmental*

Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	R'000	R'000

5. Operating lease asset (accrual) (continued)

Based on the nature of leases that are running on a month-to-month and open-ended basis, the related leasehold commitment, is based on the contractually agreed upon notice period. The said amounts have been included in the “within one year” ageing bracket. The inter-governmental operating leases are sub-lease agreements with various client departments and are on the same terms as those applicable to the lease agreements entered into with the landlords on leasehold property. As a result of the month-to-month and open-ended leasehold commitments included in note below, the equal and opposite amount is included in the PMTE leases above.

Freehold private

The disclosure of the minimum lease payments above relates to state owned properties that are leased out to private parties (accommodation debtor - freehold private).

Freehold accommodation charges

Lease commitments on freehold accommodation charges is based on minimum rental over the lease period where the escalation rate over the period is not indicated in the lease agreement.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>5. Operating lease asset (accrual) (continued)</b>		
<b>5.5 Total operating lease liabilities - PMTE as lessee</b>		
Operating lease liabilities - leasehold inter-governmental	<b>458 860</b>	<b>461 765</b>
<b>Total minimum lease payments - PMTE as lessee</b>		
Within one year	3 108 031	3 373 304
In second to fifth year inclusive	4 764 967	5 392 743
Later than five years	534 741	873 585
	<b>8 407 739</b>	<b>9 639 632</b>

The PMTE has 2110 leases of which 1800 have not expired included in the current private leasing portfolio (2022: 2 071 leases of which 1 839 have not expired). The leasehold commitments reflected above have been determined based on the terms and conditions of the relevant lease agreements. Based on the nature of leases that are running on a month-to-month and open-ended basis, the related leasehold commitment, at financial reporting date, is determined taking into account the contractually agreed upon notice period. These amounts have been included as part of the "within one year" ageing bracket.

## 6. Cash and cash equivalents

	2023 R'000	2022 R'000
Cash and cash equivalents consist of:		
Cash on hand	260	265
Bank balance	22 380	2 541
Cash and cash equivalents	22 640	2 806
Bank overdraft	(1 843 111)	(851 502)
	<b>(1 820 471)</b>	<b>(848 696)</b>

The cash held in the bank is with ABSA Limited. The interest rate on the bank balance is variable. The average effective interest rate on short term bank deposits is 4.63% (2022: 2.13%).

## 7. Property, plant and equipment

	2023			Restated 2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Land	48 879 735	-	48 879 735	49 002 605	-	49 002 605
Buildings and improvements	119 891 609	(26 167 256)	93 724 353	117 508 690	(23 144 872)	94 363 818
Furniture and office equipment	110 723	(57 851)	52 872	97 358	(49 595)	47 763
Computer equipment	310 438	(198 157)	112 281	282 344	(162 905)	119 439
Other machinery and equipment	98 394	(41 728)	56 666	74 641	(35 082)	39 559
<b>Total</b>	<b>169 290 899</b>	<b>(26 464 992)</b>	<b>142 825 907</b>	<b>166 965 638</b>	<b>(23 392 454)</b>	<b>143 573 184</b>

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 7. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Other changes, movements	Depreciation	Impairment loss	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	49 002 605	-	(180 444)	101 380	-	(43 806)	-	-	48 879 735
Buildings and improvements	94 363 818	2 382 918	-	-	-	-	(2 986 067)	(36 316)	93 724 353
Furniture and office equipment	47 763	12 063	-	-	(1 218)	4 062	(9 798)	-	52 872
Computer equipment	119 439	28 296	-	-	(2)	(1 090)	(34 362)	-	112 281
Other machinery and equipment	39 559	22 390	-	-	-	1 008	(6 291)	-	56 666
	<b>143 573 184</b>	<b>2 445 667</b>	<b>(180 444)</b>	<b>101 380</b>	<b>(1 220)</b>	<b>(39 826)</b>	<b>(3 036 518)</b>	<b>(36 316)</b>	<b>142 825 907</b>

##### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Other changes, movements	Depreciation	Impairment loss	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	48 928 085	2 430	(3 154)	75 244	-	-	-	-	49 002 605
Buildings and improvements	94 417 304	3 037 317	-	-	-	-	(2 955 991)	(134 812)	94 363 818
Furniture and office equipment	51 022	8 775	(5)	32	(5 162)	686	(7 585)	-	47 763
Computer equipment	129 970	21 203	(6)	17	(15)	(370)	(31 360)	-	119 439
Other machinery and equipment	38 224	5 308	(1)	1	-	1 817	(5 790)	-	39 559
	<b>143 564 605</b>	<b>3 075 033</b>	<b>(3 166)</b>	<b>75 294</b>	<b>(5 177)</b>	<b>2 133</b>	<b>(3 000 726)</b>	<b>(134 812)</b>	<b>143 573 184</b>

"Other changes, movements" above represents mainly reclassifications. The R43 million represents a reclassification from PPE-Land to PPE - Buildings & Improvements for the Assets under Construction Project on acquisition of land and buildings.

PMTE received a list of 45 completed projects valued at approximately R32 million from SAPS for the 2022/23 financial year on the 31<sup>st</sup> of May 2023. The projects have not been disclosed in the AFS due to the late submission and non-compliance with section 42 of PFMA as the inventory list was not signed by SAPS accounting officer as well as lack of substantiating evidence.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 7. Property, plant and equipment (continued)

#### Assets under construction

#### Additional disclosure relating to assets under construction

	Carrying value of Project R'000	Carrying value of projects significantly delayed R'000
2023		
Building and improvements	10 821 162	3 992 463
2022		
Building and improvements	10 172 760	3 189 066

Reasons for construction projects significantly delayed are mainly due to poor contractor performance. Projects that has surpassed the practical completion stage and are at their final completion stage are not regarded as significantly delayed.

	2023 R'000	2022 R'000
<b>Assets subject to finance lease (Net carrying amount)</b>		
Furniture and office equipment	20 541	10 090

Refer to note 14 for further details regarding the commitments for finance leased asset.

#### Contractual commitments for acquisition and maintenance of Property, plant and equipment

	Committed for acquisition (CAPEX) R'000	Committed for maintenance (OPEX) R'000	Total commitment R'000
2023			
Building and improvements	6 564 291	2 195 278	8 759 569
2022			
Building and improvements	7 164 445	2 705 205	9 869 650

#### Change in Accounting Estimate

The useful lives of assets are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate. The effect of the change in accounting estimate is disclosed for the current period only and no disclosures are made for future periods. The impact of the change in estimate is an increase in depreciation expense in 2023 of R6 359 084.

There is no intention to dispose of the PMTE buildings and improvements. It is expected that the assets will be recovered through use for the foreseeable future. This makes it impracticable to calculate the future impact on depreciation.



## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Investment property

	2023			Restated 2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Land	290 685	-	290 685	290 685	-	290 685
Building and improvements	172 342	(59 207)	113 135	172 342	(53 550)	118 792
<b>Total</b>	<b>463 027</b>	<b>(59 207)</b>	<b>403 820</b>	<b>463 027</b>	<b>(53 550)</b>	<b>409 477</b>

#### Reconciliation of investment property - 2023

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
Land	290 685	-	-	-	-	290 685
Building and improvements	118 792	-	-	-	(5 657)	113 135
	<b>409 477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5 657)</b>	<b>403 820</b>

#### Reconciliation of investment property - 2022

	Opening balance	Disposals	Impairments	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000
Land	290 685	-	-	-	290 685
Building and improvements	124 713	-	(256)	(5 665)	118 792
	<b>415 398</b>	<b>-</b>	<b>(256)</b>	<b>(5 665)</b>	<b>409 477</b>

#### Additional disclosure relating to assets under construction

	Carrying value of Project R'000	Carrying value of projects significantly delayed R'000	Carrying value of projects halted R'000
2023			
Building and improvements	-	-	-
2022			
Building and improvements	55 051	-	-

Reasons for construction projects significantly delayed are due to projects under legal investigations.

#### Contractual commitments for acquisition of investment property

	Committed for acquisition (CAPEX) R'000	Committed for acquisition (OPEX) R'000
Building and improvement-2023	-	-
Building and improvement-2022	-	12 302

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Investment property (continued)

Amounts recognised in Statement of Financial Performance relating to Investment Property

	2023			2022		
	Revenue generating R'000	Non-revenue generating R'000	Total R'000	Revenue generating R'000	Non-revenue generating R'000	Total R'000
Property maintenance	179	-	179	38	53	91
Municipal services	2 881	1 589	4 470	2 081	389	2 470
Property rates	1 435	1 860	3 295	3 320	1 160	4 480
Cleaning and gardening	12	-	12	-	-	-
Security	733	5 182	5 915	28	657	685
Depreciation	60 136	1 804	61 940	65 143	1 805	66 948
Total direct expenses	65 376	10 435	75 811	70 610	4 064	74 674
Revenue from exchange (Freehold private)	61 918	-	61 918	53 259	-	53 259
<b>Total deficit on investment property</b>	<b>(3 458)</b>	<b>(10 435)</b>	<b>(13 893)</b>	<b>(17 351)</b>	<b>(4 064)</b>	<b>(21 415)</b>

#### Change in Accounting Estimate

The useful lives of assets are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate. The effect of the change in accounting estimate is disclosed for the current period only and no disclosures are made for future periods. The impact of the change in estimate is an increase in depreciation expense in 2023 of R29 628

There is no intention to dispose of the PMTE buildings and improvements. It is expected that the assets will be recovered through use for the foreseeable future. This makes it impracticable to calculate the future impact on depreciation.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 9. Heritage assets

	2023			Restated 2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Land	4 500 803	-	4 500 803	4 506 059	-	4 506 059
Building and improvements	1 959 884	(25 183)	1 934 701	1 938 468	(25 183)	1 913 285
<b>Total</b>	<b>6 460 687</b>	<b>(25 183)</b>	<b>6 435 504</b>	<b>6 444 527</b>	<b>(25 183)</b>	<b>6 419 344</b>

	Opening balance	Additions	Disposals	Total
	R '000	R '000	R '000	R '000
<b>Reconciliation of heritage assets - 2023</b>				
Land	4 506 059	3	(5 259)	4 506 803
Building and improvements	1 913 285	21 416	-	1 934 701
	<b>6 419 344</b>	<b>21 419</b>	<b>(5 259)</b>	<b>6 435 504</b>

### Reconciliation of heritage assets - 2022

	Opening balance	Additions	Total
	R '000	R '000	R '000
Land	4 506 059	-	4 506 059
Building and improvements	1 873 344	39 941	1 913 285
	<b>6 379 403</b>	<b>39 941</b>	<b>6 419 344</b>

### Additional disclosure relating to assets under construction

	Carrying value of Project R'000	Carrying value of projects significantly delayed R'000	Carrying value of projects halted R'000
2023			
Building and improvements	325 229	293 846	-
2022			
Building and improvements	303 907	291 322	-

### Restrictions on heritage assets

The PMTE is not allowed to dispose heritage assets under its custodianship.

	Committed for acquisition (CAPEX) R'000	Committed for maintenance (OPEX) R'000	Total commitment R'000
2023			
Buildings and improvements	27 174	-	27 174
2022			
Buildings and improvements	77 137	-	77 137

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

#### 10. Intangible assets

	2023			Restated 2022		
	Cost / Valuation	Accumulated amortisation And accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Computer software	77 575	(21 870)	55 705	57 669	(16 822)	40 847

#### Reconciliation of intangible assets - 2023

	Opening Balance	Additions	Other changes, movements	Amortisation	Total
	R '000	R '000	R '000	R '000	R '000
Computer software	40 847	19 905	1	(5 048)	55 705

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Adjustments	Other changes, movements	Amortisation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
Computer software	31 799	13 130	-	-	(4 082)	40 847

#### Additional disclosure relating to assets under development

	Carrying value of Project R'000	Carrying value of projects significantly delayed R'000	Carrying value of projects halted R'000
2023			
Computer software	-	29 233	-
2022			
Computer software	-	29 233	-

Reason for the project significantly delayed is due to poor contractor performance relating to the Archibus software development project.

#### Contractual commitments for acquisition and maintenance of intangible assets

	Committed for acquisition (CAPEX) R'000	Committed for maintenance (OPEX) R'000	Total commitment R'000
2023			
Computer software	13 732	318	14 050
2022			
Computer software	15 813	435	16 248

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	Restated 2022 R'000
<b>11. Deferred revenue</b>		
Current liability	4 280 416	4 022 860
Non-Current liability	2 732 301	2 867 579
	<b>7 012 717</b>	<b>6 890 439</b>

This relates to recoverable capital claims for projects that are under construction which will be deferred until the project is complete.

Opening Balance	6 890 439	6 274 075
Plus: Revenue deferred during the year	1 115 266	1 721 261
Less: Revenue recognised during the year	(992 988)	(1 104 898)
	<b>7 012 717</b>	<b>6 890 439</b>

- The Revenue recognised during the year of R992 988 is included in Revenue from Exchange Transactions in note 3

## 12. Payables from exchange transactions

### Financial liabilities

Accrued expenses - CAPEX projects	687 779	764 814
Accrued expenses - Cleaning and gardening	18 878	26 672
Accrued expenses – Leases	104 558	968 348
Accrued expenses - OPEX projects	303 159	546 113
Accrued expenses - Municipal services	444 086	564 040
Accrued expenses – Other	283 919	699 566
Accrued expenses - Property rates	506 070	774 456
Accrued expenses - Scheduled maintenance	162 546	163 756
Accrued expenses – Security	23 577	19 690
Total accrued expenses	2 534 572	4 527 455
Unallocated deposits	2 394	2 051
Trade payables	90 990	189 576
Deposits received	52	55
Contract guarantees	190	181
	<b>2 628 198</b>	<b>4 719 318</b>

### Non-financial liabilities

Revenue claimed in advance - leases	291 794	64 592
Income received in advance - other services	148 473	74 737
Debtors with credit balances	276 413	275 351
	716 680	414 680
	<b>3 344 878</b>	<b>5 133 998</b>

Included in accrual amount of Capex project, Opex project and Scheduled Maintenance are the amounts that relates to the following Implementing Agents.

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

	2023 R'000	Restated 2022 R'000
<b>12. Payables from exchange transactions (continued)</b>		
<b>Implementing Agent</b>		
COEGA	99 210	101 413
DBSA	211 548	174 315
GTAC	-	2 640
IDT	43 838	31 849
	<b>354 596</b>	<b>310 217</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	Restated 2022 R'000
<b>13. Retention liabilities</b>		
Non-current liabilities	30 580	76 979
Current liabilities	371 032	329 191
	<b>401 612</b>	<b>406 170</b>

Retention relates to a percentage of funds withheld by the Department as security to ensure that construction projects are completed

### 14. Finance lease obligation

#### Minimum lease payments due

- within one year	6 453	2 972
- in second to fifth year inclusive	6 682	2 829
	13 135	5 801
Less: future finance charges	(1 099)	(450)
<b>Present value of minimum lease payments</b>	<b>12 036</b>	<b>5 351</b>

#### Present value of minimum lease payments due

- within one year	5 752	2 661
- in second to fifth year inclusive	6 284	2 690
	<b>12 036</b>	<b>5 351</b>
Non-current liabilities	6 284	2 690
Current liabilities	5 752	2 661
	<b>12 036</b>	<b>5 351</b>

The finance lease liability relates to furniture and office equipment, whereby the PMTE takes ownership of the asset upon completion of the contract. These contracts are typically for a period of 36 months. These contracts have no escalation clauses.

### 15. Employee benefit obligations

#### Reconciliation - 2023

	Opening balance	Utilised during the year	(Over)/under provided	Additions	Total
	R'000	R'000	R'000	R'000	R'000
Leave	155 119	(181 790)	26 671	132 359	<b>132 359</b>
Service bonus	46 049	(41 012)	(5 037)	47 926	<b>47 926</b>
Long service awards	5 105	(1 846)	(3 260)	5 098	<b>5 097</b>
	<b>206 273</b>	<b>(224 648)</b>	<b>18 374</b>	<b>185 383</b>	<b>185 382</b>

#### Reconciliation - 2022

	Opening balance	Utilised during the year	(Over)/under provided	Additions	Total
	R'000	R'000	R'000	R'000	R'000
Leave	182 720	(122 406)	(60 314)	155 119	<b>155 119</b>
Service bonus	44 373	(43 888)	(485)	46 049	<b>46 049</b>
Performance bonus	9 398	(12 337)	2 939	-	-
Long service awards	5 838	(1 547)	(4 291)	5 105	<b>5 105</b>
	<b>242 329</b>	<b>(180 178)</b>	<b>(62 151)</b>	<b>206 273</b>	<b>206 273</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 16. Provisions

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in estimate	Total
<b>Reconciliation of provisions - 2023</b>						
Maintenance	879 318	960 036	(188 239)	(398 594)	22 061	1 274 582
Legal proceedings	43 919	56 665	(20 434)	(23 485)	-	56 665
	<b>923 237</b>	<b>1 016 701</b>	<b>(208 673)</b>	<b>(422 079)</b>	<b>22 061</b>	<b>1 331 247</b>

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in estimate	Total
<b>Reconciliation of provisions - 2022</b>						
Maintenance	722 295	582 164	(146 771)	(263 201)	(15 169)	879 318
Legal proceedings	43 974	40 440	(26 824)	(13 671)	-	43 919
	<b>766 269</b>	<b>622 604</b>	<b>(173 595)</b>	<b>(276 872)</b>	<b>(15 169)</b>	<b>923 237</b>

#### Maintenance

The PMTE appoints contractors to perform repair and maintenance services for its properties. The amount above has been classified as a provision as there is a greater element of uncertainty regarding the amounts and the timing of the work performed. Management is in the process of engaging with contractors to provide all required documentation to validate invoices. Management has developed a model to estimate the obligation for the work performed by contractors (refer to 1.1.6).

The change in estimate relates mainly to the change in the estimated cost to adjust for inflation, as well as a change in the finalisation ratio to account for the possibility that calls can be cancelled after year end.

#### Legal proceedings

Provisions for legal proceedings consist of claims and litigations for services that have been delivered without an indication of the timing of settlement or the amount of settlement. The provision is based on the amounts confirmed by the legal advisors of the PMTE.

### 17. Revenue from exchange transactions

	2023	2022
Accommodation charges - Leasehold Inter-governmental	5 219 354	5 243 678
Accommodation charges - Freehold Inter-governmental	6 242 316	6 860 792
Accommodation charges - Freehold Private Management fees on municipal services	61 918	53 259
Reversal of impairment loss for receivables from exchange transactions	186 241	186 343
Sundry revenue	384 419	233 748
Interest revenue	16 161	3 227
Recoveries	668 794	403 344
	3 211	590
	<b>12 782 414</b>	<b>12 984 981</b>

The amount included in revenue arising from non-exchange transactions is as follows:

#### Interest revenue consists of:

Interest from receivables	638 273	395 318
Interest on bank balances	2 820	-
Interest on prepayment	27 701	8 026
	<b>668 794</b>	<b>403 344</b>



# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>18. Revenue from non-exchange transactions</b>		
Augmentation	3 912 823	4 349 655
Goods and service in-kind	3 965	-
Donations revenue	101 380	75 244
Accommodation charges - Prestige	1 392	1 385
	<b>4 019 560</b>	<b>4 426 284</b>

### 19. Construction revenue and expenses

#### Amount recognised in surplus

Construction Revenue	91 490	66 677
Construction Expenses	(91 483)	(66 677)

The following is included in the Revenue Accrual (Projects) and prepaid expense amounts per note 3:

#### Gross amount due from clients

Costs incurred to date	91 490	66 677
Amount invoiced to date	(130 467)	(56 213)
	<b>(38 977)</b>	<b>10 464</b>

#### Amounts not yet billed (Revenue accrual)

Retentions	(6 148)	3 948
Accrued expenses	(33 075)	7 030
Prepaid expenses	246	(514)
	<b>(38 977)</b>	<b>10 464</b>

### 20. Depreciation, amortisation and impairments of assets

Property, plant and equipment	3 072 834	3 135 538
Investment property	5 657	5 921
Intangible assets	5 048	4 082
	<b>3 083 539</b>	<b>3 145 541</b>

#### 2023

	Depreciation/ Amortisation	Impairment	Total
Property, plant and equipment	3 036 518	36 315	3 072 833
Investment Property	5 657	-	5 657
Intangible assets	5 048	-	5 048
	<b>3 047 223</b>	<b>36 315</b>	<b>3 083 538</b>

#### 2022

	Depreciation/ Amortisation	Impairment	Total
Property, plant and equipment	3 000 727	134 812	3 135 539
Investment Property	5 665	256	5 921
Intangible assets	4 082	-	4 082
	<b>3 010 474</b>	<b>135 068</b>	<b>3 145 542</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>21. Employee related costs</b>		
Basic salary and non-pensionable salary	1 496 921	1 480 632
Housing allowances	69 232	64 525
Medical aid contributions	121 850	110 854
Overtime	48 340	31 169
Pension fund contributions	155 972	150 695
Performance bonus	1 152	8 431
Service bonus	92 804	87 247
	<b>1 986 271</b>	<b>1 933 553</b>
<b>22. Impairment loss on receivables</b>		
Receivables from exchange transactions	1 667 013	2 371 053
Receivables from non-exchange transactions	598	965
	<b>1 667 611</b>	<b>2 372 018</b>
<b>23. Interest expense</b>		
Interest on finance leases	726	413
<b>24. Loss on disposal/transfer of assets</b>		
Property, plant and equipment	186 922	4 255
<b>25. Operating lease</b>		
Operating lease - building and improvements	5 505 492	5 268 763
Operating lease - Fleet vehicles	8 435	24 276
Rent on land	37 205	37 169
	<b>5 551 132</b>	<b>5 330 208</b>
<b>26. Property maintenance (contracted services)</b>		
<b>Property maintenance expense relates to the following asset categories:</b>		
Property, plant and equipment	2 821 364	2 930 575
Investment property	179	91
Heritage assets	33 350	27 444
Leased properties	12 525	10 899
	<b>2 867 418</b>	<b>2 969 009</b>

The property maintenance expense constitutes transactions with contractors for services rendered relating to repairs and maintenance on properties.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>27. Sundry operating expenses</b>		
Advertising	912	2 326
Auditors' remuneration	33 104	38 463
Bad debts written off	493	642
Bank charges	528	405
Bursaries	14 906	28 254
Claims against the state	3 903	7 526
Cleaning and gardening	338 915	350 039
Computer software related expenses	35 660	63 577
Communication expenses	13 079	15 660
Consulting fees	74 653	104 411
Consumables	46 248	60 240
Fleet expenses	3 549	21 547
Losses incurred	74 862	13 926
Municipal service expenses	422 686	382 197
Other contractors	4 538	3 456
Other goods and services	22 456	22 309
Retirement awards	5 509	9 131
Security	223 454	160 740
Travel and subsistence	120 197	60 177
	<b>1 439 652</b>	<b>1 345 026</b>
<b>28. Cash generated from operations</b>		
Deficit	(1 538 096)	(1 596 512)
<b>Adjustments for:</b>		
Depreciation, impairment and amortisation	3 083 538	3 145 541
Loss on disposal/transfer of assets	186 922	4 255
Interest expense	726	413
Interest from receivables	(641 093)	(395 318)
Impairment on receivables	1 667 611	2 372 018
Bad debt written off	493	642
Reversal of impairment loss on receivables	(384 419)	(126 379)
Service in-kind revenue	(3 965)	-
Losses incurred	74 862	33 538
Donations received	101 380	7 823
Deferred Revenue	(122 278)	-
<b>Changes in working capital:</b>		
Receivables from exchange transactions	399 674	(1 626 374)
Receivables from non-exchange transactions	(639)	(495)
Operating lease asset	5 597	15 300
Operating lease liability	(2 905)	(22 459)
Payables from exchange transactions	(2 148 491)	153 385
Provisions	478 330	208 391
Employee benefit obligations	(20 891)	(36 056)
Retention liabilities	(4 558)	38 721
Deferred revenue	122 278	616 364
	<b>1 254 076</b>	<b>2 927 219</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 29. Budget differences

#### Reconciliation of budget to actual

Net cash flows from operating activities	1 254 076
Net cash flows from investing activities	(2 231 811)
Net cash flows from financing activities	5 959
	<b>(971 776)</b>
Cash deficit	(971 775)
Deficit for the year	(1 538 097)
<b>Basis difference</b>	<b>(2 509 872)</b>

The difference between the cash surplus per the Statement of Comparison of Budget and Actual Amounts and the Statements of Financial Performance relates to non-cash movements.

#### Explanations of material variances between actual amounts and final budgeted amount

##### Receipts

##### Accommodation charges - private leases

This is a recoverable budget where invoices are issued to Clients based on the leased accommodation they occupy. The variance was mainly due to invoices which were not fully paid by the Department of Defence.

##### Accommodation charges – state owned and client projects

The variance on state on state owned accommodation was attributable to unpaid invoices by Client Departments. The main contributors of unpaid invoices are South African Police Services, owing R82 million of the total unpaid invoices and Department of Environmental Affairs, owing R44 million.

##### Management fees on municipal services

The variance was attributable to disputes by the client departments on the payment of municipal services and the shared savings contracts. The management fee is linked to the municipal services and if those invoices are not paid, the management fee is also not recovered.

##### Municipal services recovered

Municipal services recovered is relating to the actual recoveries where the PMTE paid municipal services on behalf of clients. The budget amount is based on expected consumption and departments consumed less utilities. It also includes recoveries from client departments relating to the water and energy savings programme. The lower amount is attributable to the unpaid invoices; 95% of the outstanding amount is linked to invoices issued to Departments owing significant amounts, namely Correctional Services, Defence, South African Police Services and Justice and Constitutional Development

##### Expenditure

##### Repairs

The variance between the budget and the actual expenditure is due to a reclassification of projects between capital and operational after the financial year end. This seeming overspending is off-set by under-spending on the Capital items where these projects were budgeted for.

##### Municipal Services Recoverable

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 29. Budget differences (continued)

Although the responsibility of payment for municipal services was devolved in 2006 to client department, the PMTE has been administering these accounts on behalf of the client departments on a recoverable basis. This is being devolved in totality and will be phased out.

The Item is fully recoverable and only included for cash flow purposes. Municipal Services expenditure is based on actual consumption by Client departments and will fluctuate due to load shedding and saving initiatives implemented by Clients.

#### Admin Goods and Services

The budget spending on Goods and Services are closely related to the filling of position and therefore all funding were not spent. Furthermore, funding was made available for several projects that were not activated in time to spend their allocated funding. Of note are the project for the Immovable Asset Register as well as the rectification of illegal occupied properties.

#### Construction Cost

Project expenditure from construction contracts are budgeted for against Capital recoverable. Expenditure from construction contracts relating to non-state owned assets is however recognised separately as construction costs in the Statement of Financial Performance in accordance with GRAP.

#### Disallowances

These payments relates to unforeseen circumstances and have not been budgeted for. Examples are damages, losses and defaulting contractors. The amounts might be recovered at a later stage.

#### Capital recoverable expenditure (Client Capital)

As project are recoverable, the PMTE has to request approval from the client departments before tenders are advertised, when recommended bids are higher than the estimate and every time there is an increase in the cost of the project. Delays in client responses was a major cause of under expenditure. Clients are expected to sign off on their available allocations before the start of financial year, but some Clients only make the allocation available during the first quarter of financial year. This leads to further delays and under and under-expenditure as projects cannot be placed on the Procurement Plan before approval of budget. Further delays are experiences on site by defaulting contractors and other contractors not delivering in accordance with the projected project expenditure.

#### Capital non-recoverable expenditure

The variance between the budget and the actual expenditure is due to a reclassification of projects between capital and operational after the financial year end. This seeming overspending is set-off by under-spending on the Capital items where these projects were budgeted for.

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 30. Contingencies

	2023 R'000	2022 R'000
<b>Contingent liabilities</b>		
Municipal services and property rates	189 780	160 891
Legal claims against the PMTE	771 841	303 896
	<b>961 621</b>	<b>464 787</b>

#### *Municipal services and property rates*

The contingent Liability/Asset relates to State Domestic Facilities (SDF) and unsurveyed properties (or land) where ownership has not yet been confirmed. The PMTE has been billed by various municipalities on SDF properties but the PMTE is unable to make payment due to the provisions of the Property Rates Act.

#### *Legal Claims against the PMTE*

The claims against the PMTE arose from property and maintenance disputes with various third parties and/or service providers as well as litigations. The entity's legal advisors are handling the claims on behalf of the PMTE and have assessed the probability of each claim in determining the total amount of the legal contingent liability and that the outflow of economic benefits is possible at the reporting date.

	2023 R'000	2022 R'000
<b>Contingent assets</b>		
Legal claims by the PMTE	164 159	107 309
Special Investigative Unit recoveries	46 151	-
	<b>210 310</b>	<b>107 309</b>

#### *Legal claims by the PMTE*

The claims instituted by the PMTE result from numerous claims and litigation with various third parties and/or service providers, i.e. breach of contract, damages claim, counterclaims, defaulting contractors, arrear rentals, recovery of services paid by the PMTE, etc. The entity's legal advisors are handling the claims and litigations on behalf of the PMTE and have assessed the probability of each claim in determining the total amount of the contingent assets and the inflow of economic benefits is possible at the reporting date.

#### *Special investigative Unit recoveries*

The Special Investigation Unit (SIU) was tasked to investigate various contracts on various proclamations. These active and ongoing investigations are reported as contingent assets amounting to R 49 million. These matters are currently in the courts and/or summons have been issued for recovery of funds. Any possible recovery is not determinable at this stage.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 30. Contingencies (continued)

#### *Property, plant and equipment*

There are 47 properties under the custodianship of National Department of Public Work/PMTE. The properties could not be reliably measured due to the extent either not being determined through the office of the Surveyor General or extent being too excessive to apply the valuation method on. PMTE is in the process of validating these extents.

The PMTE is in the process of regulating the ownership of land parcels pertaining to state domestic facilities (SDF) built on land currently registered under a number of other state custodians. Whilst the SDF's have already been recognised, the PMTE estimates that there are 3899 land parcels that will potentially need to be transferred to PMTE. Transfers can only be completed once an arrangement has been concluded with the current custodian and land has been surveyed, registered or endorsed. The value of these land parcels can furthermore only be reliably determined once it has been surveyed and the revised Surveyor General diagrams have been issued. The PMTE received the deeds register on the 4 May 2023 and is verifying the information. This could result in additional assets that may have to be recognised and/or assets to be transferred to relevant custodians.

PMTE has 17 buildings that are leased from the municipalities. These properties were erroneously registered in the name of the municipalities when the townships were devolved to the Local Government. PMTE will recognise these properties as State owned upon cancellation of the Lease agreement with the relevant municipalities.

### 31. Irregular expenditure and Fruitless and Wasteful Expenditure

	2023	2022
Irregular Expenditure	161 637	165 286
Fruitless and wasteful Expenditure	4	406
	<b>161 641</b>	<b>165 692</b>

Included in the 2022/2023 irregular expenditure amount of R162 million is R29 million which has been referred to Labour Relations to institute disciplinary proceedings against officials guilty of misconduct. Whilst the remaining balance of R133 million is still under determination. Ongoing determination tests and investigations are conducted in line with National Treasury's PFMA Compliance Framework. Included in the amount of R165 million in the prior year is R17,5 million which was identified in the 2022/2023 financial year but incurred in the 2021/22 financial year. .

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>32. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>Financial assets at amortised cost</b>		
Receivables from exchange transactions	1 934 529	2 956 942
Cash and cash equivalents	22 640	2 806
	<b>1 957 169</b>	<b>2 959 748</b>
<b>Financial liabilities at amortised cost</b>		
Bank overdraft	1 843 111	851 502
Payables from exchange transactions	2 628 198	4 719 318
Retention liabilities	401 612	406 170
Finance lease obligation	12 036	5 351
	<b>4 884 957</b>	<b>5 982 341</b>

### 33. Risk management

#### Financial risk management

The entity's activities are exposed to a variety of financial risks which includes market risk (including interest rate risk), credit risk and liquidity risk.

The Director-General, as the Accounting Officer, is responsible for strategic risk management. The Audit Committee provides oversight over the risk management. The PMTE has a risk management strategy that has been developed in terms of the Treasury Regulation 3.2. The purpose of the PMTE risk management strategy is to identify the risks and ensure that the overall risk profile remains at acceptable levels. The risk management strategy provides reasonable, but not absolute, assurance that risks are being adequately managed.

The PMTE risk policy sets out the minimum standards of risk management to be adopted and adhered to by all the units within the PMTE. The risk policy is established to identify and analyse the risks faced by the PMTE, to set appropriate risk tolerance levels and controls and to monitor risks and adherence these tolerance levels. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the PMTE activities. The risk management policy contains processes for identifying both the impact and likelihood of such a risk occurring. Risks that have been identified as having a potentially severe impact on the PMTE are regarded as unacceptable and where possible will be avoided. Financial risk is not considered significant with the exception of the overdraft.

Responsibility for adherence to the PMTE risk management strategy rests with the management. Internal Audit provides reviews of management's compliance to the risk management processes within the PMTE. Internal Audit reports to management and the Audit Committee on a regular basis.



# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 33. Risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the PMTE is not able to settle its obligations. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

For operating lease liabilities and finance lease liabilities, the maturity analysis is disclosed in note 5 and note 14 respectively. Operating lease payments for vehicles increases annually based on CPIX. All payments are due within 30 days except tender deposits and retentions which are due when the related contracts expire. These tender deposits are considered immaterial in managing the cash flows of the PMTE and have been excluded from the maturity analysis below

<b>2023</b>	<b>Note</b>	<b>1 month R'000</b>	<b>2-12 months R'000</b>	<b>2 years R'000</b>	<b>3 years R'000</b>	<b>&gt; 3 years R'000</b>	<b>Total R'000</b>
Bank overdraft	6	1 843 111	-	-	-	-	1 843 111
Accrued expenses – CAPEX projects	12	687 779	-	-	-	-	687 779
Accrued expenses – Cleaning and gardening	12	18 878	-	-	-	-	18 878
Accrued expenses – Leases	12	104 558	-	-	-	-	104 558
Accrued expenses – OPEX projects	12	303 159	-	-	-	-	303 159
Accrued expenses – Municipal services	12	444 086	-	-	-	-	444 086
Accrued expenses – Other	12	283 919	-	-	-	-	283 919
Accrued expenses – Property rates	12	506 070	-	-	-	-	506 070
Accrued expenses – Scheduled maintenance	12	162 546	-	-	-	-	162 546
Accrued expenses – Security	12	23 577	-	-	-	-	23 577
Revenue claimed in advance - leases	12	291 794	-	-	-	-	291 794
Trade payables	12	90 990	-	-	-	-	90 990
Retention liabilities	13	242 142	128 890	25 648	4 932	-	401 612
Capital commitments – Projects		2 304 789	2 155 922	1 270 985	759 837	655 043	7 146 576
Operating maintenance commitments – Projects		337 657	1 067 680	254 265	131 208	129 140	1 919 950
Agency commitments – Projects		205 287	11 319	12 067	5 448	-	234 121
		<b>7 850 342</b>	<b>3 363 811</b>	<b>1 562 965</b>	<b>901 425</b>	<b>784 183</b>	<b>14 462 726</b>
<b>2022</b>	<b>Note</b>	<b>1 month R'000</b>	<b>2-12 months R'000</b>	<b>2 years R'000</b>	<b>3 years R'000</b>	<b>&gt; 3 years R'000</b>	<b>Total R'000</b>
Bank overdraft	6	851 502	-	-	-	-	851 502
Accrued expenses – CAPEX projects	12	764 814	-	-	-	-	764 814
Accrued expenses – Cleaning and gardening	12	26 672	-	-	-	-	26 672
Accrued expenses – Leases	12	968 348	-	-	-	-	968 348
Accrued expenses – OPEX projects	12	546 113	-	-	-	-	546 113
Accrued expenses – Municipal services	12	564 040	-	-	-	-	564 040
Accrued expenses – Other	12	699 566	-	-	-	-	699 566
Accrued expenses – Property rates	12	774 456	-	-	-	-	774 456
Accrued expenses – Scheduled maintenance	12	163 756	-	-	-	-	163 756
Accrued expenses – Security	12	19 690	-	-	-	-	19 690
Revenue claimed in advance - leases	12	64 592	-	-	-	-	64 592
Trade payables	12	189 576	-	-	-	-	189 576
Retention liabilities	13	247 077	82 114	64 466	12 513	-	406 170
Capital commitments – Projects		1 958 005	2 654 558	1 202 565	760 117	678 639	7 253 884

Operating maintenance commitments – Projects	450 950	983 677	609 264	140 560	222 179	<b>2 406 630</b>
Agency commitments – Projects	72 919	54 500	58 684	57 734	54 737	<b>298 574</b>

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# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 33. Risk management (continued)

8 362 076	3 774 849	1 934 979	970 924	955 555	15 998 383
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For further commitment disclosure for operating leases, refer to note 5.

The PMTE's policy is not to enter into capital and/or lease commitments without ensuring commitment from the client departments to settle its obligations.

The liquidity maturity analysis represents the contractual cash flows and has not been discounted.

#### Credit risk

Credit risk is the risk of financial loss to the PMTE if a client department or counterparty defaults on its contractual obligations to the PMTE. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

The PMTE may have financial assets arising out of transactions with suppliers due to overpayments and non-delivery.

The PMTE manages this risk by requiring retentions and or guarantees before contract work commences.

The credit risk of financial assets arising out of lease contracts as it relates to transactions with other government departments and institutions is actively managed where there are disagreements about inter-governmental debt.

The PMTE first engages with the respective client to resolve the issue and if required involves National Treasury to mediate the situation. These various government institutions have no independent credit ratings.

Outstanding debt is assessed for impairment and amounts are not written off unless the authorised process is followed. However, as a result of client departments' inability to accumulate savings to settle debt, a considerable amount of time may expire before the amount is collected.

The PMTE is also exposed to additional credit risk as a result of the transfer of functions as it now also collects monies from the private sector for leases. The extent of these are not considered to be material.

The PMTE makes provision for this in the impairment calculation by discounting the expected future cash flows taking into account the expected period of payment.

The PMTE does not enter into additional leases with any client departments without first assessing the current outstanding debt of the client department.

Amounts that are neither past due nor impaired are considered to be recoverable as it relates to the current invoices not outstanding later than 30 days.

The nature of the PMTE's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

### 33. Risk management (continued)

Financial and statutory assets exposed to credit risk at year end were as follows:

	2023 R'000	2022 R'000
Cash and cash equivalents	22 640	2 806
Operating lease asset	471 867	477 464
Receivables from exchange transactions	1 934 529	2 956 942
Receivables from non-exchange transactions	982	941
	<u>2 430 018</u>	<u>3 474 038</u>

The carrying values of the above financial assets are net of any impairments and approximate their fair value.

None of the amounts disclosed above have been pledged as security or collateral for liabilities or contingent liabilities.

### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The PMTE is exposed to limited interest rate risk from cash balances as it sweeps transactions through commercial accounts to the Reserve Bank account.

The PMTE is exposed to changes in the interest rate applicable to debt owed to the state. Other changes in interest rates are considered insignificant. National Treasury determines this rate and manages the risk on behalf of National Government.

### 34. Related parties

The PMTE performs property management services for the state owned and leasehold immovable assets occupied by National Departments and their related parties, and recognises and recovers accommodation charges from them.

The PMTE is exempt from disclosure of related party transactions provided that the services are received/delivered within normal supplier/client relationships, on terms and conditions that is no more nor less favourable than those that would have reasonably be expected to be adopted if dealing with that entity/person in the same circumstances. The extent of those transactions delivered in accordance with the PMTE legal mandate and that meets the exemption criteria, is included in note 17 (accommodation charges – leasehold inter-governmental and management fees on municipal services).

The PMTE operates within the administration of the DPWI and as such all contracts are entered into in the name of the DPWI. The liabilities and obligations arising from these transactions are accounted for by the PMTE if it relates to the PMTE operating activities as these liabilities will be settled using the PMTE funds and resources. As such, these transactions are not considered related party transactions.

Other overhead costs include the sharing of corporate services function between the DPW and the PMTE. Due to the nature of these transactions and the operational structures between the PMTE and the DPW, the value of these shared costs cannot be reliably measured. These costs, paid by the DPW on behalf of the PMTE and not recovered, include the following corporate shared services:

- Supply Chain Management (SCM) for head office
- Internal Audit
- Human Resources (Human Resource Management and Human Resource and Organisational Development)
- Gender, people with disabilities, youth and children
- Marketing and Communication
- Information Services
- Legal Services
- Security Management
- International relations and Strategic Management Unit
- Office of the Ministry, Office of the Director General and Office of the Chief Financial Officer
- Monitoring and Evaluation
- Labour Relations

The PMTE receives an augmentation of funds from National Treasury via the DPW to fund its operations.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>34. Related parties (continued)</b>		
<p>The PMTE recognises accommodation revenue on state owned buildings based on the amount budgeted by client departments. The level of service delivery relating to this accommodation charge is not linked to the value received, it is likely that some clients may benefit to the disadvantage of others. It is not possible to identify the extent of benefit or disadvantage received. The full amount of the revenue transaction is disclosed in note 17. The related receivables (accommodation debtors – freehold inter-governmental) is disclosed in note 3.</p>		
<b>Revenue from exchange transactions:</b>	<b>2023</b>	<b>2022</b>
<b>Accommodation charges – freehold intergovernmental</b>		
Agriculture, Forestry and Fisheries	232 415	199 709
Arts and Culture	124 337	116 384
Correctional Services	797 966	1 388 412
Defence and Military Veterans	1 264 794	1 245 320
Higher Education	70	66
Environmental Affairs	44 369	37 395
South African Revenue Services (SARS)	50 346	-
Government Pension Administration Agency	26 944	-
Health	7 012	28 662
Office of the Public Protector	402	2 409
Home Affairs	86 767	81 933
Independent Police Investigative Directorate	-	484
International Relations and Cooperation	-	519
Justice and Constitutional Development	489 215	461 943
Labour	85 886	81 101
Rural Development and Land Reform	7 923	-
Mineral Resources	4 858	4 549
National Health Laboratory Services	8 306	-
National Treasury – SARS	10 061	47 540
Public Service and Administration	50 850	-
Public Works	54 183	10 057
SA Police Services	1 755 232	1 563 758
Social Development	763	824
Sa Social Security Agency	80	883
Statistics South Africa	5 838	5 307
Trade and Industry	9	7
Water and Sanitation	291 738	275 298
Science & Innovation	5 397	5 116
	<b>5 405 761</b>	<b>5 557 676</b>

Independent Development Trust (IDT) is the DPWI's Public Entity responsible for the delivery of social infrastructure programmes and projects and is being accommodated in the following Regional offices at no cost:

- Bloemfontein
- Nelspruit

- Kimberley
- Cape Town.

### Revenue from non-exchange transactions

Public Works – Augmentation	3 912 823	4 349 655
Public Works – Goods and service in-kind	3 965	-
	<b>3 916 788</b>	<b>4 349 655</b>

The Augmentation is funds that are received from DPWI to cover the operational costs of the PMTE.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
<b>34. Related parties (continued)</b>		
<b>Gross receivables from exchange transactions:</b>		
<b>Accommodation charges – freehold intergovernmental</b>		
Agriculture, Forestry and Fisheries	24 817	5 060
Arts and Culture	2 901	30 554
Correctional Services	1 512 172	1 375 834
Health	67 944	20 773
Defence	33 876	32 281
International Relations and Cooperation	-	9 352
Office of the Public Protector	-	447
Environmental Affairs	83 783	37 395
National Treasury	73	-
Justice and Correctional Services	1 114	1 029
Mineral Resources	1 352	1 175
SA Social Security Agency	963	883
Science & Innovation	5 397	5 116
Social Development	1 691	824
Statistics South Africa	1	1
South African Police Services	88 581	27 602
Trade and Industry	142	132
Public Service and Administration	7 074	-
Public Works	41 107	-
	<b>1 872 988</b>	<b>1 548 458</b>
<b>Impairment relating to exchange transactions:</b>		
<b>Accommodation charges – freehold intergovernmental</b>		
Agriculture, Forestry and Fisheries	24 817	5 060
Arts and Culture	1 548	2 060
Correctional Services	1 512 172	1 375 834
Environmental Affairs	83 783	-
Health	66 127	20 772
Defence	775	62
Public Works	41 107	-
National Treasury	52	-
Office of the Public Protector	-	447
Justice and Constitutional Development	1 030	966
Social Development	1 691	-
Mineral Resources	390	12
South African Police Services	6 475	-
Statistics South Africa	1	1
Public Service and Administration	6 513	-
Trade and Industry	142	125
SA Social Security Agency	963	-
	<b>1 747 586</b>	<b>1 405 339</b>

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

	2023				2022			
	R'000				R'000			
34. Related parties (continued)								
The below table shows the total outstanding debt per client department as well as the cumulative impairment recognised. The “Gross receivables from exchange transactions: Accommodation charges – freehold intergovernmental” above is included in the below receivables:								
Client Departm	Gross receivable balance 31 March				Impairment Provision 31 March			
	2023				2023			
	Freehold Intergover nmental	Leasehold intergover nmental	Mu nicipal servi	Total	Freehold Intergover nmental	Leasehold intergover nmental	Municipal Services	Total
Agriculture resea	-	-	1978	1978	-	-	964	964
Agriculture, For	27720	-52388	82700	58032	24876	-	69365	94241
Arts and Cultur	70385	2155	50556	123097	45928	8	46051	91987
Basic Educatio	49326	-	-	49326	49326	-	-	49326
Companies & i	-	-4	-	-4	-	-	-	-
Centre for publ	-	-139	-	-138	-	-	-	-
Communication	-	-19	158	138	-	-	21	21
Coop govt and	-	3483	568	4051	-	17	145	162
Correctional Se	1523303	-1045	2119009	3641267	1513143	-	2055139	3568281
Defence	172185	486461	2649094	3307740	83175	386163	2649094	3118432
Die Afrikaanse	-	-130	-	-130	-	-	-	-
Department of	-	514	-	-	-	514	-	514
Ditsong Museu	-	1338	-	1338	-	799	-	799
Energy	-	79817	-	79817	-	76612	-	76612
Environmental	98680	39943	42429	181052	87294	18598	35098	140990
Eskom Holding	323	-	-	323	323	-	-	323
Film & Publicat	-	-28	406	378	-	-	353	353
Financial and F	-	-	4234	4234	-	-	4234	4234
Gender Equalit	-	885	2218	3102	-	885	1710	2595
Government C	-	1758	134	1892	-	1176	17	1193
Government Pr	1	-	-	1	1	-	-	1
Health	22668	16282	25418	64369	20852	15910	23472	60234
Health Civitas	45275	-	-	45275	45275	-	-	45275
Government Pe	-	-34	226	192	-	-	-341	-341
Geo science	-	-	3164	3164	-	-	128	128
Higher Educati	-	1403	4004	5407	-	1	3410	3411
Home Affairs	4119	-14178	13320	3260	22	-	41	62
Human Rights	-	221	307	529	-	55	62	117
Human Settlem	-	68484	-	68484	-	66540	-	66540
Independent P	-	157992	1470	159462	-	148616	1199	149815
Inter Relation a	84097	1971	6580	92648	84097	1971	5781	91850
Iziko Museums	-	-	-	-	-	-	-	-
Kwazulu-Natal	-	-238	-	-238	-	-	-	-
Justice & Cons	37841	-45251	333691	326282	1875	-	285085	286960
Justice & Cons	-	-2364	-	-2364	-	-	84	84
Labour	51	-34685	1778	-32856	-	-	14	14
Military Vetaran	-	-823	77	-746	-	-	1374	1374
Minerals Resou	1352	390	1375	3117	389	24	-	1374
National Health	-	463	336	1043	-	-	580	580
National Library	-	1284	-	1284	-	11	-	11

National Prose	1835	2234	1982	6051	1835	539	1148	<b>3522</b>
National Museu	-	82	-	82	-	-	-	-
National Schoo	-	-	-	-	-	-	-	-
National Treas	73	259511	6916	266499	52	256221	5005	<b>261298</b>
Pan South Afric	-	-230	-	-230	-	-	-	-
Parliament	1160	3026	-	4186	1160	2538	-	<b>3698</b>
Planning,Monit	-	-680	-	-680	-	-	-	-
Public Enterpris	-	-	32	32	-	-1	32	<b>32</b>
Public Protecto	93	-56	784	821	93	-	3	<b>96</b>
Public Service	7074	25	644	7743	6513	-	160	<b>6673</b>
Public Service	-	1530	340	1870	-	2	340	<b>343</b>
Public Works	41107	-841	2263	42529	41107	-	2	<b>41109</b>
Rural dev and I	5	-37381	3824	-33552	5	-	510	<b>515</b>
Robben Island	-	367	-	367	-	1	-	<b>1</b>
Robben Island	-	48	-	48	-	-	-	-
SA Police Serv	105392	52346	741637	899375	11627	324	530539	<b>542489</b>
Sa Social Secu	1021	-	-	1021	1021	-	-	<b>1021</b>
SAMAF	-	1198	219	1418	-	1068	219	<b>1287</b>
SARS	87	-	1525	1612	87	-	-	<b>87</b>
SASSA- Bloem	-	-	432	432	-	-	11	<b>11</b>
SASSA- Johan	-	-	1053	1053	-	-	11	<b>11</b>
SASSA- Kimbe	-	-	97	97	-	-	-	-
SASSA- Nelspr	-	-	8398	8398	-	-	338	<b>338</b>
SASSA- Polokw	-	-	311	311	-	-	145	<b>145</b>
SASSA- Pretor	-	-	1133	1133	-	-	-	-
SASSA- Umtat	-	-	1506	1506	-	-	899	<b>899</b>
SASSA-Cape T	-	-	464	464	-	-	170	<b>170</b>
SASSA-Durban	-	-	191	191	-	-	-	-
SASSA-Port El	-	-	1142	1142	-	-	93	<b>93</b>
SASSA-Mmaba	-	-	478	478	-	-	45	<b>45</b>
Science and Te	7471	6677	199	14347	17	6677	199	<b>6893</b>
SITA	3262	-	4059	7321	3262	-	3079	<b>6341</b>
SASSA	-	6902	-	6902	-	-	-	-
Social Develop	1691	2154	287	4132	1691	3	276	<b>1970</b>
Sports and Rec	-	21024	3793	24818	-	21024	3611	<b>24635</b>
Statistics SA	75	11109	9786	20969	59	10710	7573	<b>18341</b>
Tourism	-	-5272	8	-5265	-	-	7	<b>7</b>
Trade and Indu	142	-976	1125	290	142	-	1044	<b>1185</b>
Transport	-	91677	114	91791	-	91677	114	<b>91791</b>
Water Affairs	-	-46470	5981	-40489	-	-	-	-
Woman and ch	-	368	1	370	-	368	1	<b>370</b>
<b>Totals</b>	<b>2307815</b>	<b>1068087</b>	<b>6146199</b>	<b>9522102</b>	<b>2025247</b>	<b>1109054</b>	<b>5738994</b>	<b>8873296</b>



## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Financial Statements

2023  
R'000

2022  
R'000

#### 34. Related parties (continued)

2022 Client Depa	Gross receivable balance 31 March 2022				Impairment Provision 31 March 2022			
	Freehold Intergover nmental	Leasehold Intergover Nmental	Municipal services	Total	Freehold Intergover nmental	Leasehold intergover nmental	Municipal Services	Total
Agriculture	7 367	-	1 292	8 659	5 119	-	339	5 458
Agriculture,	-	-57 319	69 662	12 342	-	-	69 404	69 404
Arts and Cu	124 751	1 133	55 421	181 305	70 292	-	39 178	109 470
Basic Educa	49 326	-	-	49 326	49 326	-	-	49 326
Companies	-	172	-5	167	-	149	-	149
Centre for p	-	-139	-	-138	-	-	-	-
Communica	-	-	160	160	-	-	160	160
Coop govt a	-	3 211	526	3 737	293	3	17	313
Correctiona	1 392 835	985	1 607 898	3 001 717	1 376 659	56	1 556 695	2 933 411
Defence	399 757	354 537	2 310 715	3 065 010	65 354	259 274	2 310 715	2 635 343
Die Afrikaan	-	-126	-	-126	-	-	-	-
Ditsong Mu	-	3	-	3	-	3	-	3
Energy	-	71 295	-558	70 738	-	61 173	-	61 173
Environmen	41 010	20 170	44 077	105 257	3 614	20 019	30 659	54 292
Eskom Hold	4093	-	-	4093	-	-	-	-
Film & Publ	-	1 540	664	2 204	-	143	17	159
Financial an	-	-	3 941	3 941	-	-	3 941	3 941
Gender Equ	-	151	2 691	2 842	-	151	1 285	1 436
Governmen	-	1 159	105	1 264	-	829	6	836
Governmen	1	-	-	1	1	-	-	1
Health	20 773	49 634	26 044	96 451	20 773	1 408	4 605	26 785
Health Civit	111 600	-	-	111 600	45 859	-	-	45 859
Governmen	-6 237	-24	-341	-6 602	-	-	-	-
Geo science	-	-	2 864	2 864	-	-	2 864	2 864
Higher Educ	-	3 010	3 434	6 445	-	2	2 160	2 162
Home Affair	2 884	5 320	13 900	22 104	24	747	40	811
Human Righ	-	151	63	215	-	151	30	181
Human Sett	-	61 153	-1 122	60 031	-	56 237	-	56 237
Independen	-	145 559	1 419	146 979	-	136 621	404	137 025
Inter Relatio	97 101	49 517	5 786	152 403	78 571	16 833	5 441	100 846
Kwazulu-Na	-	-259	-	-259	-	-	-	-
Justice and	-	-	238 333	238 333	-	-	226 553	226 553
Justice & Co	-	-1 675	-	-1 675	-	-	-	-
Justice & Co	46 807	74 039	-	120 846	1 681	5 777	-	7 458

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

						2023	2022	
						R'000	R'000	
<b>34. Related parties (continued)</b>								
Film & Publ	-	1 540	664	2 204	-	143	17	159
Financial an	-	-	3 941	3 941	-	-	3 941	3 941
Gender Equ	-	151	2 691	2 842	-	151	1 285	1 436
Governmen	-	1 159	105	1 264	-	829	6	836
Governmen	1	-	-	1	1	-	-	1
Health	20 773	49 634	26 044	96 451	20 773	1 408	4 605	26 785
Health Civit	111 600	-	-	111 600	45 859	-	-	45 859
Governmen	-6 237	-24	-341	-6 602	-	-	-	-
Geo science	-	-	2 864	2 864	-	-	2 864	2 864
Higher Educ	-	3 010	3 434	6 445	-	2	2 160	2 162
Home Affair	2 884	5 320	13 900	22 104	24	747	40	811
Human Righ	-	151	63	215	-	151	30	181
Human Sett	-	61 153	-1 122	60 031	-	56 237	-	56 237
Independen	-	145 559	1 419	146 979	-	136 621	404	137 025
Inter Relatio	97 101	49 517	5 786	152 403	78 571	16 833	5 441	100 846
Kwazulu-Na	-	-259	-	-259	-	-	-	-
Justice and	-	-	238 333	238 333	-	-	226 553	226 553
Justice & Co	-	-1 675	-	-1 675	-	-	-	-
Justice & Co	46 807	74 039	-	120 846	1 681	5 777	-	7 458
Labour	1 667	-34 590	-473	-33 396	-	-	-	-
Military Vet	-	4 888	81	4 968	-	1 685	1	1 686
Minerals Re	1 175	97	1 722	2 993	12	1	695	708
National Lib	-	315	-	315	-	-	-	-
National Pro	1 714	5 636	315	7 666	1 714	4 758	315	6 788
National Mu	-	-102	-	-102	-	-	-	-
National Sch	-	-1 363	-271	-1 634	-	-	-	-
National Tre	44	235 171	5 065	240 280	41	235 171	3 494	238 706
Pan South A	-	-497	-	-497	-	-	-	-
Parliament	1 084	2 068	-	3 151	1 084	2 011	-	3 095
Planning,M	-	228	-	228	-	228	-	228
Public Enter	-	-1 122	32	-1 090	-	-	27	27
Public Prote	534	723	107	1 365	534	125	3	662
Public Servi	6 503	5 513	161	12 176	6 503	5 513	151	12 166
Public Servi	-	-964	340	-623	-	-	340	340
Public Work	-	-80	1 050	970	-	-	7	7
Rural dev an	5	-138 483	-8 049	-146 527	5	-	-	5
Robben Isla	-	-	-	-	-	-	-	-
Robben Isla	-	-	-	-	-	-	-	-
SA Police Se	52 462	-6 754	510 657	556 365	5 686	-	375 696	381 382
Sa Social Se	-	-3 828	-	-3 828	-	-	-	-
SAMAF	-	-	219	219	-	-	219	219
SARS	81	-	829	910	81	-	3	84
SASSA- Blo	-	-	281	281	-	-	4	4
SASSA- Joha	-	-	2 501	2 501	-	-	509	509
SASSA- Kim	-	-	223	223	-	-	-	-

SASSA- Nels	-	-	284	284	-	-	167	167
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## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

							2023 R'000	2022 R'000
<b>34. Related parties (continued)</b>								
SASSA- Polo	-	-	956	956	-	-	726	726
SASSA- Pret	-	-	227	227	-	-	-	-
SASSA- Umt	-	-	3 461	3 461	-	-	2 642	2 642
SASSA-Cape	-	-	741	741	-	-	405	405
SASSA-Durb	-	-	64	64	-	-	-	-
SASSA-Port	939	-	802	1 740	56	-	3	59
SASSA-Mma	-	-	315	315	-	-	33	33
Science and	5 226	6 677	182	12 085	110	6 677	182	6 969
SITA	3 048	-	3 989	7 037	3 048	-	3 007	6 055
Small Busin	-	1 087	-	1 087	-	1 087	-	1 087
Social Deve	824	1 914	270	3 008	-	389	238	627
Sports and R	-	23 470	4 070	27 539	-	20 184	2 274	22 458
Statistics SA	70	23 344	10 127	33 541	70	14 386	6 573	21 029
Tourism	-	-568	7	-561	-	-	2	2
Trade and In	132	-220	1 095	1 008	125	-	867	992
Transport	-	84 840	114	84 954	-	69 455	37	69 491
Water Affai	-	-52 821	5 508	-47 312	-	-	15	15
Woman and	-	2 602	1	2 604	-	2 602	-	2 602
<b>Totals</b>	<b>2 367 576</b>	<b>940 378</b>	<b>4 933 972</b>	<b>8 241 926</b>	<b>1 736 635</b>	<b>923 848</b>	<b>4 653 148</b>	<b>7 313 631</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 R'000	2022 R'000
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### 34. Related parties (continued)

The PMTE incurs costs relating to cleaning and gardening services for leasehold properties occupied by certain client departments. Figures reflected in the tables below reflect the related party transactions applicable per client department. These costs are not recovered from client departments, and therefore considered a free service to them. The related party accruals disclosed below are unsecured and are expected to be settled within the normal course of business.

#### Expenditure

Arts and Culture	17 630	12 809
Justice and Constitutional Development	249 605	252 254
	<b>267 235</b>	<b>265 063</b>

#### Accruals raised

Arts and Culture	453	1 132
Correctional Services	33	-
Justice and Constitutional Development	12 252	13 722
	<b>12 738</b>	<b>14 854</b>

2023	Official	Basic salary	Non-pensionable salary	Structured service bonus	Post-employment benefits	Other short-term employee benefits	Total
<b>Remuneration of management</b>							
<b>Employees: Regional Managers</b>							
Bloemfontein	TP Zulu	970	51	81	126	378	<b>1 606</b>
Cape Town	PP Penxa	1 001	200	83	131	208	<b>1 623</b>
Durban	NN Vilakazi	808	387	67	105	25	<b>1 392</b>
Johannesburg	JM Monare	910	417	76	118	32	<b>1 553</b>
Kimberley	R Baulackey	941	156	79	123	138	<b>1 437</b>
Mmabatho	R Matlala	821	284	68	107	107	<b>1 387</b>
Nelspruit	PT Mashiane	951	410	-	123	186	<b>1 670</b>
Polokwane	M Ntshani	1 077	157	89	140	162	<b>1 625</b>
Port Elizabeth	JG Van Der Walt	855	425	-	81	270	<b>1 631</b>
Pretoria	TB Phiri	797	293	-	103	155	<b>1 348</b>
Mthatha	N Hlengwa **	916	35	76	119	229	<b>1 375</b>

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

						2023 R'000	2022 R'000
<b>34. Related parties (continued)</b>							
<b>Employees: Other Officials</b>							
Chief Director: Construction Management Inland	W Hlabangwane	938	414	78	122	45	<b>1 597</b>
Director: Town Planning	M Ganiso	693	276	-	90	152	<b>1 211</b>
<b>Head of units</b>							
Head of PMTE	ME Moemi	1 723	398	142	224	13	<b>2 500</b>

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

#### 34. Related parties (continued)

##### Exco Members: Deputy Director General:

Real Estate Management Services	NC Makhubele	1 114	173	93	145	89	<b>1 614</b>
Real Estate Investment Services	S Subban	1 114	189	93	145	73	<b>1 614</b>
Construction Project Management	B Mokhothu	1 254	395	-	163	96	<b>1 908</b>
Project Management Office (Acting)	NP Kubeka	1 043	161	87	136	341	<b>1 768</b>
		<b>17 926</b>	<b>4 821</b>	<b>1 112</b>	<b>2 301</b>	<b>2 699</b>	<b>28 859</b>

## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 34. Related parties (continued)

2022	Official	Basic salary	Non-pensionable salary	Structured service bonus	Post-employment benefits	Other short-term employee benefits	Total
<b>Remuneration of management</b>							
<b>Employees: Regional Managers</b>							
Bloemfontein	TP Zulu	889	33	74	116	213	<b>1 325</b>
Cape Town	PP Penxa	886	183	127	115	82	<b>1 393</b>
Durban	NN Vilakazi	762	366	63	99	4	<b>1 294</b>
Johannesburg	JM Monare	856	367	72	111	42	<b>1 448</b>
Kimberley	R Baulackey	889	144	74	116	102	<b>1 325</b>
Mmabatho	R Matlala	797	275	66	104	107	<b>1 349</b>
Nelspruit	PT Mashiane	871	369	-	113	122	<b>1 475</b>
Polokwane	M Ntshani	987	137	82	128	130	<b>1 464</b>
Port Elizabeth	JG van der Walt*	911	486	-	118	25	<b>1 540</b>
Pretoria	TB Phiri	773	280	-	101	155	<b>1 309</b>
Mthatha (Acting)	MS Mabandla*	475	141	-	62	34	<b>712</b>
Mthatha	N Hlengwa**	296	23	-	39	150	<b>508</b>
<b>Employees: Other Officials</b>							
Chief Director: Construction Management Inland	W Hlabangwane	911	403	76	118	32	<b>1 540</b>
Chief Director: Financial Planning	J Prinsloo	871	393	73	113	22	<b>1 472</b>
Acting Chief Director: State Owned	GS Ncoane	751	120	63	98	62	<b>1 094</b>
<b>Exco Members: Head of units</b>							
Head of PMTE	ME Moemi****	631	145	-	82	-	<b>858</b>
Head of PMTE (Acting)	PJ Maroga***	716	320	-	-	53	<b>1 089</b>
Supply Chain Management	H Isaacs	976	438	-	-	-	<b>1 414</b>

#### 34. Related parties (continued)

##### Exco Members: Deputy Director General:

Real Estate Management Services	NC Makhubele	1 081	166	90	141	87	<b>1 565</b>
Real Estate Investment Services	S Subban	1 081	182	90	141	71	<b>1 565</b>
Project Management Office (Acting)	NP Kubeka *****	944	116	79	123	227	<b>1 489</b>



## Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 34. Related parties (continued)

Construction Project Management	B Mokhothu	1 218	384	-	158	7	<b>1 767</b>
	-	<b>18 572</b>	<b>5 471</b>	<b>1 029</b>	<b>2 196</b>	<b>1 727</b>	<b>28 995</b>

The remuneration disclosed above is for the period that the employee was occupying the role of management as indicated.

Other short term benefits comprise of housing allowance, travel allowance and bargaining council contributions.

Post-employment benefits comprises of pension fund and medical aid contributions to a defined contribution plan.

The following movements occurred in key management positions during 2021/22

\* MS Mabandla was acting as regional manager for Mthatha from 1 April 2021 to 30 November 2021.

\*\*NPT Hlengwa was appointed as regional manager for Mthatha with effect from 1 December 2021.

\*\*\* PJ Maroga he resigned as head of Operationalization and Financial Sustainability on 30 November 2021

\*\*\*\*A Moemi was appointed as Head of PMTE from 1 November 2021

\*\*\*\*\* NP Kubeka was also acting as DDG Facilities Management Services from 1 April 2021 to 28 February 2022

The following employee was not remunerated by the PMTE, however he plays a key role in management decision making:

- 'Mr. M Sithole is the Chief Financial Officer of the DPWI Main Vote.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 35. Prior period errors

The following are material difference relating to prior years that have been

#### Statement of financial position

	<b>Restated 2022 R'000</b>
Receivables from exchange transactions	(277 933)
Receivable from non-exchange transactions	(87)
Property, plant and equipment	13 729 744
Investment property	(4 516 938)
Heritage Asset	456 324
Operating lease asset	98 223
Operating lease liabilities	91 165
Bank overdraft	171 520
Deferred revenue	(50 830)
Payables from exchange transactions	360 073
Deferred revenue-Non Current	(82 819)
<b>Increase in net assets</b>	<b>9 978 442</b>

#### Statement of Financial Performance

Revenue from exchange transactions	258 314
Revenue from non-exchange transactions	67 420
Construction revenue	(1 064)
Impairment loss on receivables	(448 044)
Depreciation, amortisation and impairment expense	36 331
Operating leases	65 560
Property maintenance	199 623
Property rates	142 501
Sundry operating expenses	15 189
Employee related costs	6
Loss on disposal of assets	(749)
Construction expenses	(1 064)
<b>Decrease in deficit</b>	<b>334 023</b>

#### Increase in opening accumulated surplus

<b>Net effect</b>	<b>9 644 419</b>
	<b>9 978 442</b>

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 35. Prior period errors (continued)

The prior period errors identified above were as a result of the following:

#### *Receivables and Payable from exchange transactions*

Management identified errors in the calculation of lease asset and lease liability due to errors in data captured. The value was deemed to be material and as result it was restated. The accrued expenses was also identified and confirmed not to have been complete and correctly valued.

#### *Property, plant and Equipment, Heritage asset and Investment Property*

Restatement of opening balances was performed on Property, Plant and Equipment, Heritage Assets and Investment Property. This resulted in a correction of prior period error of R9 669 130 000.

Corrections made include additions, de-recognitions and changes in immovable asset values due to changes in the extent or source of extent of some of immovable assets. PMTE corrects prior period errors on Property, Plant and Equipment, Heritage assets and investment property and heritage assets through retrospective restatement.

#### *Deferred Revenue and Deferred Revenue - Non Current*

During the current year, the entity made corrections/amendments on multiple projects under construction. Amendments include project classifications (Opex/Capex) and project completion dates and additions to assets under construction.

To the extent that the projects are recoverable capital projects, the mentioned amendments had a resultant effect on deferred revenue. The effect was a cumulative decrease in the opening balance of R134 million i.e. R51 million for deferred revenue and R83 million for deferred revenue non-current.

#### *Bank Overdraft*

The bank overdraft restatement is the result of cancellation of rejected payments (TORs) on the payments system (SAGE). When an Electronic Bank Transfer (EBT - amount < R1m) and/or Telegraphic Transfer (TTs - amount > R1m) are rejected by the Automated Clearing Bureau (ACB) for numerous reasons, e.g. closed bank accounts, incorrect banking details, no such account, etc. The transactions are processed on SAGE to account for these rejections, which had the effect of updating the outstanding payments on the previous bank reconciliation statement.

#### *Lease liability, operating lease expense, operating lease liability, operating lease expense, and Revenue from exchange transactions (Leasehold)*

Lease accruals and prepayments was one of the bases for disclaimer of audit opinion in the 2021-22 financial year, hence the need to restate leases. As the leases affect numerous accounts, the entity did not only correct accruals and prepayments, but the other listed accounts that were affected also had to be restated as they are interlinked. The errors were mainly due to inaccurate data on Archibus for which an extensive project was undertaken to verify and correct the mentioned data in line with the supporting lease agreements

#### *Property rates and Property Maintenance*

Payables from exchange transactions was one of the bases for disclaimer of audit opinion in the 2021-22 financial year, together with the corresponding expenditure line items, hence the need to restate payables from exchange transactions, as well as the corresponding expenditure line items. The misstatements were due to the entity not accruing for goods and services that were received and not paid for as at year end. In order to correct the prior year misstatements, the entity embarked on a rigorous exercise to identify all invoices relating to property rates, property maintenance and sundry operating expenses which had not been accrued for in the prior year. The line items were then restated accordingly in order to account for these transactions

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 35. Prior period errors (continued)

#### *Impairment loss on receivables*

During the 2021/22 financial period, prepaid expenses related to monies paid to municipalities for rates, taxes and other utilities were assessed for impairment due to lack of activity by the entity to recover the monies over three (3) financial years. The entity performed a verification process to validate the existence or non- existence of the prepaid expenses. The entity reconciled the amount owed by the municipalities and confirmed that the amounts paid for municipal service and property rate accounts were allocated to the accounts of the PMTE. The process resulted in the de-recognition of the prepaid expense (Backlog – R440 161 743) retrospectively due to the assessment that was conducted by the entity with municipalities. There is also an amount of R13 577 164 (Receivable accruals – recoverable projects), that was caused by the change in classification of projects that affected the impairment for the 2021/22 financial year. Lastly, an amount of R6 026 426 (Lease prepayment) was also as a result of the correction of the prior period error emanating from the qualification last year.

#### *Revenue from Exchange transactions*

As a result of the 2021-22 modified audit opinion, this line item was also affected and restatements had to be made, the impact of that being an adjustment of R57 958 309 from accommodation charges – leasehold, an impairment loss reversal of R 67 513 277, as well as another adjustment from deferred revenue by over R158 million, amount others.

# Property Management Trading Entity

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 36. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Although the PMTE has a bank overdraft of R1.843 billion (2022: R851 million) and the current liabilities exceed the current assets by R8.262 billion (2022: R7,267 billion), management maintains their assertion that the PMTE is able to continue on a going concern basis into the foreseeable future. Current liabilities includes Deferred Revenue as disclosed in note 11 of R4.280 billion (2022: R4.022 billion) and other non-financial instruments of R717 million (2022: R415 million) (note 12) that will be settled in services rather than cash. Management applies the accounting principles of conservatism and prudence when accounting for its liabilities. The PMTE operates under the control and support of the National Department of Public Works and Infrastructure ("DPWI"). National Treasury has been informed of the PMTE's position accordingly. Management is embarking on a revenue generating drive and has reinforced its efforts in collection of all outstanding debts. The main reason for the increase in the bank overdraft was due to the increase in the amounts owed by client departments. Management has engaged in robust discussions with the relevant departments and National Treasury to resolve the issues around non-payment and to ensure payment is received on outstanding amounts.

