



public works

Department:  
Public Works  
REPUBLIC OF SOUTH AFRICA

Department of Public Works

ANNUAL REPORT 2014/15

**Mr TW Nxesi (MP)**

*Public Works Minister*

I have the honour of submitting the Annual Report of the Department of Public Works for the period 1 April 2014 to 31 March 2015

**Mr M Dlabantu**

*Director-General*

*30th September 2015*

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## List of Abbreviations

### FULL DESCRIPTION

Adult Basic Education and Training  
 Annual Financial Statement  
 Agrément South Africa  
 Annual Performance Plan  
 Business Intelligence  
 Built Environment Professionals  
 Asset Register Management  
 Basic Accounting System  
 Black Economic Empowerment  
 Broad-Based Black Economic Empowerment  
 Built Environment Professions  
 Business Continuity Plan  
 Client Relationship Management  
 Community Based Organisations  
 Construction Contact Centres  
 Community Works Programme  
 Construction Industry Development Board  
 Continued Professional Development  
 Contractor Incubator Programme  
 Council for Built Environment  
 Custodian Asset Management Plan  
 Department of Cooperative Governance and Traditional Affairs  
 Capital Works Implementation Programme  
 Department of International Relations and Cooperation  
 Department of Public Works  
 Department of Water Affairs  
 Department of Public Works Intergovernmental Forum  
 Department of Rural Development and Land Reform  
 Division of Revenue Act  
 Document Management System  
 Engineering Council of South Africa  
 Early Childhood Development  
 Economic and Employment Cluster

### ACRONYM

ABET  
 AFS  
 ASA  
 APP  
 BI  
 BEP  
 ARM  
 BAS  
 BEE  
 BBBEE  
 BEPs  
 BCP  
 CRM  
 CBOs  
 CCC's  
 CWP  
 cidb  
 CPD  
 CIP  
 CBE  
 CAMP  
 COGTA  
 CWIP  
 DIRCO  
 DPW  
 DWA  
 DPWNIF  
 DRDLP  
 DORA  
 DMS  
 ECSA  
 ECD  
 EEC

Employee Development and Management System	EDMS
Estimates of National Expenditure	ENE
Employment Skills Development Agency	ESDA
Expanded Public Works Programme	EPWP
Executive Management Committee Meeting	EXCO
Full Time Equivalent	FTE
Facilities Management	FM
Financial Year	FY
Generally Accepted Accounting Principles	GAAP
Generally Recognised Accounting Practice	GRAP
Geographical Information System	GIS
Government Immovable Asset Management Act	GIAMA
Head of Department	HOD
Home Community Based Care	HCBC
Human Resource Development	HRD
Immovable Asset Register	IAR
Independent Development Trust	IDT
Integrated Risk Management Framework	IRMF
Industrial Policy Action Plan	IPAP
Information Communication & Technology	ICT
Integrated Financial Management System	IFMS
Information Technology	IT
Infrastructure Delivery Improvement Programme	IDIP
Information Technology Acquisition	ITAC
Information Technology Procurement	ITP
Institute of Internal Auditors	IIA
Integrated Growth Plan	IGP
Key Account Management	KAM
Land Redistribution Agricultural Development	LRAD
Logistical Information System	LOGIS
Memorandum of Understanding	MOU's
Medium Term Budget Policy Statement	MTBPS
Medium Term Expenditure Framework	MTEF
Medium Term Strategic Framework	MTSF
Middle Management Services	MMS
Millennium Development Goals	MDGs

Municipal Infrastructure Grant	MIG
Management Information System	MIS
Non-Governmental Organisations	NGOs
Non-Profit Organizations	NPOs
National Contractor Development Programme	NCDP
National Economic Development And Labour Council	NEDLAC
National Infrastructure Maintenance Strategy	NIMS
National Youth Service	NYS
Occupational Specific Dispensation	OSD
Occupational Health and Safety Act	OHSA
Pan African Parliament	PAP
Performance Based Building	PBB
Public Finance Management Act	PFMA
Performance Management and Development System	PMDS
Planned Maintenance Implementation Programme	PMIP
Portfolio Performance and Monitoring	PPM
Property Charter Council	PCC
Property Incubator Programme	PIP
Property Management Information System	PMIS
Property Management Trading Entity	PMTE
Property Performance Standards	PPS
Public Finance Management Act	PFMA
Parliamentary Villages	PV
Regulatory Impact Assessment	RIA
Recognition of Prior Learning	RPL
South African Local Government Association	SALGA
Supply Chain Management	SCM
Implement Service Delivery Improvement Programme	SDIP
Senior Management Services	SMS
Service Delivery Standards	SDS
Service Level Agreement	SLA
Software Asset Management	SAM
Strategic Plan	SP
Strategic Performance Management	SPM
State Owned Entities	SOE's
Spatial Development Framework	SDF

User Asset Management Plan

Union Building

International Union of Architects

User Requirement Specification

Virtual Private Network

Web Based Reporting Systems

Workplace Skills Plan

Works Control System

UAMP

UB

UIA

URS

VPN

WBS

WSP

WCS

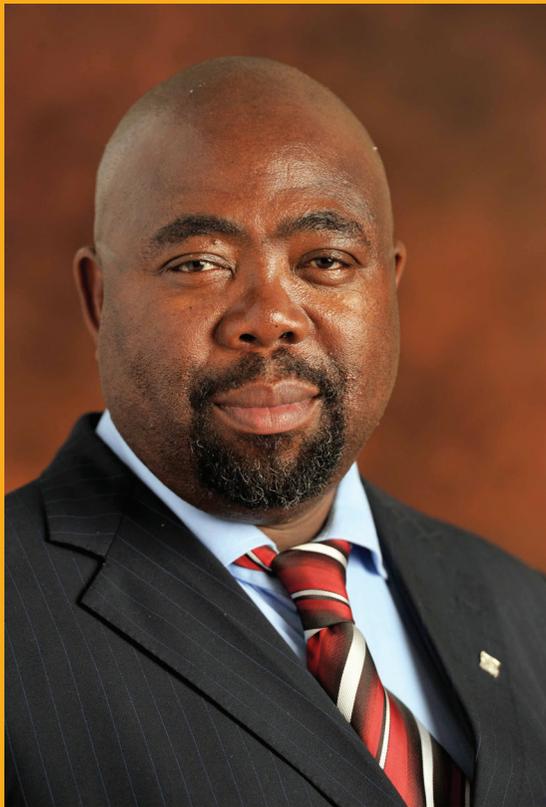
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# CHAPTER I

## GENERAL INFORMATION

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**Mr Thembelani Nxesi**  
*Minister of Public Works*

## **I.1 Foreword by the Minister**

In my 2012 Budget Vote, I likened the Department of Public Works (DPW) to a patient in an Intensive Care Unit in a hospital. In 2013 I said that we had stopped the bleeding after we had implemented some changes. In 2014, I reported that the patient was fully stabilized. In my 2015 Budget Vote, I informed Parliament that the patient was discharged ... but was still subject to a strict medicinal and therapeutic regimen.

The 2014/15 Annual Report for reflects alignment to my 2014 Policy Statement and the Budget Vote Statement, as well as progress in the implementation of our Seven-Year Turnaround Plan to rebuild Public Works. We can report the following significant progress in achieving the goals of the Stabilization Phase of the Turnaround Strategy now in its third year:

- The Clean Audit Project has led to continuous improvement in audit outcomes – the Main Vote improved from a disclaimer to a qualified audit opinion in 2012/13 and an unqualified audit opinion in 2013/14. This has been maintained for the 2014/15 financial year. The PMTE improved from a disclaimer in 2012/13 to a qualified audit opinion in 2013/14 with significantly less qualification areas. This momentum has continued as the audit outcome for 2014/15 recorded a qualification on two matters only.
- Public Works has generated an Immovable Asset Register (IAR) that incorporates the State's properties under its custodianship. Buildings have been physically verified and we have begun to assign fair values to these assets. The application of municipal values to 66% of the assets has increased the disclosed value from R49 million in 2012/13 to R78.1 billion in 2014/15. The disclosed value of immovable assets will increase significantly when the Register is finalized and will reflect in the national balance sheet more appropriately. The existence of a reliable IAR is immensely valuable and will enhance Public Works' ability to leverage this huge portfolio for socio-economic development, black economic empowerment, support for small businesses and job creation. It will also generate

revenue to maintain the State's assets.

- The audit of leases in the previous year provided an important platform to identify irregular leases, to strengthen controls and to improve the management of leases. During 2014/15, my Department worked with National Treasury to address the immediate challenge of expired leases and to develop a specific supply chain management solution for the property environment. The current practices are a robust indication of the path we have traversed and the winning ways we are adopting.

As DPW and the PMTE, we have said that, the stabilisation of the Department – and improved audit outcomes - can only be sustained if we overhaul and strengthen the line functions and core business of the Department. To manage successfully this process requires that we fill the vacancies at the Senior Management level. I am confident that we will sustain the gains achieved during the Stabilisation Phase of the Turnaround Plan, while we simultaneously move decisively into the second phase. In this 'Efficiency Enhancement' Phase, we will continue to improve the business model and the processes of the Department.

In my 2014 Policy Statement, I identified five strategic priorities for the five-year period of this Administration. In this regard, I am happy to report that during 2014 – 2015, the following objectives were achieved:

Firstly, 1,1 million work opportunities have been created through Government's flagship programme, the Expanded Public Works Programme (EPWP) against the target of 1 million work opportunities. Public Works is on track to achieve the target of 6 million job opportunities that the ANC government has committed to, during the period of this Administration.

Secondly, the property and construction management functions were ring-fenced under the PMTE and were reported separately. The PMTE priorities are:

- To focus on planned maintenance and unblocking projects and eliminate under-spending on capital budgets by improving the effectiveness of Construction Management; and
- To review and re-engineer the property business across the immovable asset life cycle to achieve long-term efficiencies as well as short- and medium-term socio-economic deliverables, particularly jobs and empowerment.

This also frees up the Department to focus on its policy, regulatory and oversight mandate as well as the effective operation of the Prestige Unit and the EPWP.

Thirdly, the Governance Risk and Compliance ( Branch is now functioning fully. This Branch has been strengthened to command the fight against fraud and corruption, as well as to spearhead the Efficiency Enhancement Phase of the Turnaround Strategy. This was achieved by using the tools of Strategic Planning, the Service Delivery Model processes and Risk and Performance Management.

Fourthly, the processes leading up to the Policy Review have been initiated. In this regard, my Department is working with all the relevant stakeholders - particularly the provinces and entities of the Department - to develop a new Public Works White Paper that will culminate in the tabling of a Public Works Act to codify and clarify the mandate of Public Works.

Fifthly, the transformation of various facets of the Built Environment is underway. In this regard, my Department has made concerted efforts, in partnership with the entities (Construction Industry Development Board [cidb]) and the Council for the Built Environment (CBE) and Charter Councils to ensure that the ownership, control and the composition of the Built Environment sector and the allied professions better reflect the demographics of South Africa.

Also early 2015, the President's State of the Nation Address tasked Public Works to focus on the following areas to meet Presidential priorities:

- Energy saving and greening of public buildings; and
- Contribution to Operation Phakisa through the development of small harbours and the establishment of a Small Harbours Unit under the PMTE.

During the 2014/15 financial year, my Department also focused on improving strategic planning processes, which I believe, is reflected in the quality of the Strategic Plans and Annual Performance Plans for 2015/16. In this quest, we were supported by officials from the Departments of Public Service and Administration (DPSA), the National Treasury, the Office of the Public Service Commission and the Department of Planning, Monitoring and Evaluation in the Presidency (DPME). In this regard, I would like to acknowledge the support and advice that I received from our dearly departed Minister Collins Chabane.

As we go forward, our maxim and motivation is: "What can we do to enhance efficiency to support service delivery?"



**Mr. TW Nxesi, MP**

*Minister of Public Works*



**Mr Jeremy Cronin**  
*Deputy Minister of Public Works*

## I.2 Statement of the Deputy Minister

The major Turnaround and Stabilisation Programme underway in the Department, led by the Minister of Public Works, Mr. TW Nxesi, has had a very positive impact, in the course of the 2014/15 reporting period, on the work of key programmes assigned to the Deputy Minister. These included the EPWP, Policy Development and Legislation; as well as addressing the future sustainability of the Independent Development Trust (IDT).

In November 2013, Cabinet approved the continuation of the EPWP. For Phase 3 (2014 - 2019), an ambitious target of 6 million work opportunities was set. South Africa's EPWP is globally unique in that it involves Public Employment Programmes (PEPs) across a range of different sectors – infrastructure, environment and culture, the social sector, as well as the locality-based Community Works Programme (CWP). There are four sectoral national lead departments - the Department of Public Works and the Department of Environmental Affairs, the Department of Social Development and the Department of Cooperative Governance and Traditional Affairs - , with the DPW acting as the overall co-ordinator. All provinces and municipalities are also involved in funding and implementing PEPs. An important innovation in Phase 2 of the Programme was to work closely with the non-profit sector as local implementing agents.

In 2014, the Department submitted a Cabinet Memorandum and the Government agreed to establish a Public Employment Programme Inter-Ministerial Committee (PEP-IMC), chaired by the Deputy President, Mr. Cyril Ramaphosa. DPW officials have the lead role in providing technical support to the PEP-IMC, with overall objective of enhancing the quality and impact of the Programme. In particular, there is the need to ensure greater coordination and convergence of PEPs.

In the first year of 2014/15 of Phase 3 of the EPWP, over one million work opportunities were created - well ahead the annual target to achieve 6 million work opportunities by 2019. Needless to say, in the current global and National

economic context, the centrality of PEPs has become even greater.

Increasing focus is now being given to going beyond just work-opportunity head-counts to, more effectively evaluation of the developmental impact of these Programmes. This includes: how individual participants are empowered through training and the work experience, what impact is being made on alleviating household poverty and sustainable livelihoods, what assets and services are being provided to communities through such Programmes and whether community cohesion enhanced by these Programmes? There is much anecdotal evidence as well as several project specific academic studies which confirm that, indeed, many of these developmental impacts are being achieved in practice. The challenge now is to become more systematic in such evaluations with a view to learning lessons and promoting positive examples.

On the policy front, important progress was made in the 2014/15 reporting period with two long-delayed legislative interventions. The Bill of Rights in the Constitution requires that a law of general application be enacted to guide expropriation by all State institutions currently empowered to expropriate property. The current Expropriation Act, 1975 (Act No. 73 of 1975), is unconstitutional in several respects. In particular, it does not include any reference to expropriation “in the public interest”. This new requirement, outlined in the 1996, post-apartheid Constitution, defines “public interest” as including “the nation’s commitment to land reform and to reforms to bring about equitable access to all South Africa’s natural resources.”

An earlier attempt to introduce a constitutionally-compliant new Expropriation Bill in Parliament failed in 2008 and the draft bill was withdrawn. Thanks to patient work, in 2013 the version of the current Bill was successfully piloted through the National Economic Development and Labour Council (NEDLAC). In the 2014/15 reporting period, a new Expropriation Bill was published for public comment. At the time of writing, the Bill was before the Portfolio Committee on Public Works (National Assembly). It is anticipated that it will be tabled before the National Assembly before the end of October 2015.

The Agrément South Africa Bill that seeks to formalize the establishment of this certificating public entity was tabled in Parliament in the 2014/15 reporting period. At the time of writing, it was passed through both Houses of Parliament.

The Independent Development Trust (IDT) was established in 1990 as an independent civil society, temporary grant-making agency with an initial endowment of R2-billion. The IDT is now an important part of the broader Public Works family, with a focus on providing programme and project management capacity, along with social facilitation, in the construction and maintenance of social infrastructure, including schools, clinics, magistrates courts, and community centres. The IDT is currently a Schedule 2A Public Entity governed by a Deed of Trust. However, the IDT’s institutional structure is inappropriate for its current critically required, developmental operations and activities. In this context, the DPW’s Branch: Construction and Property Policy Regulation is developing a Business Case for the IDT, to ensure its long-term viability and help to consolidate it as a key State implementing arm in the construction and maintenance of social infrastructure.



**Mr. J Cronin, MP**

*Deputy Minister of Public Works*



**Mr Dlabantu**  
*Accounting Officer*

## I.3 Report of the Accounting Officer

### Overview

The financial year 2014/15 represents another milestone in the Department's improved service delivery record. It also marks significant progress in achieving the first phase of the deliverables of the Seven-Year Turnaround Strategy. Since the Minister introduced it 2012, , the Department has stabilised a number of operational areas of the business, as the basis for introducing greater efficiencies during subsequent phases of its turnaround.

The Turnaround Strategy has three (3) phases, namely the Stabilisation, the Efficiency Enhancement and the Transformation/Growth Phases. The Stabilisation Phase focused on immediate challenges where, the stabilised areas, created the potential for more fundamental changes and large efficiency gains. The Efficiency Enhancement deals with planned systematic improvements and the redesign of processes, systems and structural elements. The focus during this Phase will be on key strategic areas to improve proficiency and effectiveness. The third phase constitutes the Sustainability and Growth elements to enable the Department to refresh its mandate by undertaking a policy review and focusing on its sustainability & growth.

During the current Stabilisation Phase, the Department has achieved a number of deliverables including an augmented management structure, the review of the organisational structure to suit the mandate of the Department, the development of the Macro Service Delivery Model and the extensive financial and internal controls. These initiatives described the macro mode of delivery of the mandate of the Department that included an intensified focus on the regulation and transformation of the property and construction industries, the oversight and coordination of the Public Works Sector and the coordination of the implementation of the EPWP. A remodeled and professionalized property arm, the

PMTE assumed the role of the implementer of the property management functions of the Department while optimally utilizing the massive property portfolio of the State. These arrangements gave effect to the 2014 Cabinet decision to operationalize the PMTE fully.

During the year under review, the Department sustained significant improvements in its audit outcomes for the Main Account and the PMTE. It also recorded incremental improvements in its operational performance, strengthened its internal and financial controls and implemented a holistic anti-fraud and corruption fraud strategy to deter fraud-related activities. This contributed directly to the improved audit outcomes that are reported in the financial statements for the 2014/2015 financial year. The Main Account has maintained its unqualified status and recorded a decline in non-compliance matters. The PMTE, on the other hand, has maintained a qualified opinion although the number of qualifications has decreased to two fundamental shortcomings - the recording of accruals and completeness and the validity of payments for property rates and taxes. This is a very encouraging development as it indicates a notable level of stability. It is, however, not yet the end of the road. The next phase, during which the efficiencies of these functions will be accelerated to the next level, will fundamentally be systems-driven and be rolled-out in the next financial year.

The PMTE is now responsible for approximately 75% of the work and budget of the Department. This represents the largest property portfolio in South Africa. The operationalisation of the PMTE was identified as one of the Minister's key priorities for the 2014-2019 Administration Period. The entity seeks to ensure effective delivery on the Public Works' mandate of providing accommodation to Government, being the custodian for the State's immovable assets and attaining cost savings for the State.

While progress is reported in the period under review, some business areas within the Department have, however, experienced challenges. These challenges include delays in procurement processes, the appointment of relevant and skilled expertise in critical areas and the extension of the Scope of Work in projects. Such challenges have adversely affected the performance of the Department as a whole and are central to determining new ways and initiatives of doing business within the Department. These initiatives, some which are discussed below, are also central to the Efficiency Enhancement Phase of the Turnaround Strategy.

## **Adjusted Business model**

In the previous reporting period, the Department noted that it needed to adjust its business model to achieve its mandate, more effectively and in an accountable manner. In this reporting period, the Finance and Supply Chain Management (SCM) functions for the Department and the PMTE were restructured to provide for the Generally Recognised Accounting Practice (GRAP) requirements and make SCM more effective in directly supporting its operational requirements. The proposed organograms for the Finance and SCM units form part of the revised structures for the Department and the PMTE. These proposals have been forwarded to the DPSA for consideration before they can be implemented.

## **Reported Irregular Expenditure**

The total of more than R 35 billion, in irregular expenditure declared for the 2013/14 financial year (Main Account and PMTE combined), was the result of an extensive intervention by the Department to review all transactions, in detail and going back to 2009, when it was first qualified. The revision found an irregular expenditure of 394 820 transactions to the value of R35 billion (In the previous sentence, we said more than R35 billion) for the Department's Main Account and PMTE, collectively.

When this was disclosed, the Department undertook to put appropriate mechanisms and controls into place to ensure that this trend would not continue. A firm commitment was also made that all irregular expenditure transactions, would be fully investigated and dealt with according to the prescribed Framework of the National Treasury.

The Department has already initiated a thorough investigation of approximately 395 000 transactions disclosed in the previous financial year. Due to the nature and extent of these investigations, it is envisaged that they will probably take more than three financial years to conclude.

In the meantime, appropriate preventative mechanisms and controls have been put in place to curb further irregular expenditure. These interventions have resulted in a sharp reduction of irregular expenditure in the Department's Main Account and PMTE in the current reporting period.

The key to sustain this improvement is the strict enforcement of consequence management. By analysing the root causes, it became clear that the perpetuation of the historic practice and failure to enforce strictly consequence management would defeat the benefits derived from the enhancements made to the Department's controls' environment. The governance structures of the Department have been enhanced to institutionalize a culture of accountability with a top-down approach. Employees, who were found to have contravened established processes, were dealt with regardless of their ranks. This sent an unambiguous message to all staff that they will be held accountable for their actions.

## **Leases Management**

Over a number of years, the management of leases by the PMTE was a serious challenge due to many internal and external factors. In Audit Reports of previous years, the pervasiveness of risks, associated with this matter was highlighted as a matter that should be resolved as a priority. During this reporting period, Management deployed a dedicated team to deal with this exposure as quickly as possible.

Due to the nature and extent of this intervention, the guidance and assistance of other stakeholders such as the National Treasury was paramount in order to achieve the substantial successes that can now be reported. The Leases Portfolio, which encompasses 2278 active leases and totaling commitments of R 3.9 billion for contracted future periods, has been put on a firm footing and all persons who were involved are acknowledged and commended for this achievement. This was achieved, inter alia, by re-negotiating expired contracts in line with National Treasury criteria, aligning operating procedures to industry best practice to strengthen controls and create proper records to support the management of the long term obligations. To consolidate the gains achieved to date, it is planned to migrate this updated database to an electronic Property Management Module in the next financial year during which contractual obligations and all associated risks will be controlled more effectively.

## **Significant events and major projects during the year**

In the period under review, a number of significant events occurred and projects were completed. These projects and/or significant events were based on the principles set out in the Turnaround Strategy and represent the key components of the Department and its mandate. The Department has a wide range of activities and, given its size and the nature of its business, the Annual Report presents some of the key strategic projects and events.

## ***Projects and Professional Services***

The Department provided for strategic economic and security projects and facilities such as land ports of entry, magistrate courts, prisons and police services. In 2013/14, the Department completed 179 projects and 180 in the 2014/15 financial year. Project performance is underpinned by a number of external factors such as contractors' disputes with specialist's subcontractors, disputes in payments claims, general under-performance by emerging contractors, and contractors' cash flow programs. When such eventualities arose, the first option was to issue Mora Letters to warn the contractors about performance defaults. This was followed by the termination of the contracts and calling on guarantees where necessary. These options did not always assist in expediting performance because they sometimes led to further litigation processes and the service delivery suffered. Projects that were affected the Kgosi Mampuru Prison, Tzaneen Prison, Vanrhynsdorp Prison, Ceres Prison and North End Prison. As a way forward, negotiations commenced with the liquidators of these defaulting contractors to complete the outstanding works.

Despite the performance challenges that the Department experienced with contractors, key projects were completed during the period under review. They included the occupation of the Skilpadhek Port of Entry operational facilities in February 2015. The completion of these facilities enables the Department to complete the remaining portions of development. The Department also completed client capital projects for the Departments of Arts and Culture in Mthatha and for the Department of Correctional Services in Klerksdorp and the South African Police Services in Springfontein, Smithfield, Besters, Keimoes and Malipsdrift. These projects ranged from repairs and renovations to construction of additional facilities. Other Departmental projects were the replacement of the lift at the Parliamentary complex in Cape Town. The planned maintenance (repairs and maintenance) projects included, inter alia, a harbour in Gordons Bay, prisons (in Allendale, Paarl, Richmond, Verulam, East London), the Military base in Port Elizabeth and the Magistrate's Office in Tsolo.

## ***The National Infrastructure Implementation Strategy***

During the reporting period, the Department prioritized the development of a Framework for the execution of the National Infrastructure Implementation Strategy to give effect to the overall aim of NIMS for the improved maintenance of public sector infrastructure in South Africa.

In addition, the National Immovable Asset Maintenance Management (NIAMM) Framework was conceptualised to cover all areas of the NIMS and consists of the NIAMM Standard and supporting documents. In addition, the NIAMM Standard, the NIAMM Accounting Framework, the NIAMM Planning Guidelines and the NIAMM Competency Framework were finalised in draft. Development of the remaining two work components - the NIAMM Monitoring and Evaluation Protocol and the Contractor Development through the Maintenance Industry - were initiated during the reporting term and were earmarked for completion in Quarter 1 of 2015/16. It was envisaged that this process will lead to the approval of the NIAMM Framework which will be the basis by the DPW sector would maintain the immovable assets under its custodianship in a uniform and compliant manner.

Once adopted, the NIAMM Framework will be expanded to other Government sectors and entities. This will be in line with the original intention of the NIMS.

## ***GIAMA Implementation Technical Committee***

During the year under review, the GIAMA Implementation Technical Committee (GITC) was revived to ensure a uniform immovable asset management framework to promote effective and coordinated immovable asset management within Government. This body provides for an interactive and consultative forum of stakeholders to give effect to the GIAMA legislation in optimising the cost of accommodation service delivery and optimising the use of State-owned immovable assets. It is directed by an approved Terms of Reference, and reports to the Department's Technical MinMec forum. Matters relating, inter alia, to User and Custodian Asset Management Planning, Legislative compliance, sector immovable asset register enhancement, and vesting of State-owned properties are being discussed to improve or align Government's practices.

## ***Custodian Asset Management Plan***

The second update of the Custodian Asset Management Plan (C-AMP) was completed during the reporting period. As the planning and budgeting instrument for the Immoveable Asset Portfolio under the Department's custodianship, the C-AMP will be steadily enhanced upon receipt from User Departments of their U-AMPs that will outline their accommodation requirements over a period of time. The submission of the U-AMPs by all the Users is therefore essential for the C-AMP to fulfill its purpose and ensure an appropriate, funded asset base for appropriate User accommodation underscored by adequately funded capital and maintenance infrastructure programmes.

## ***Inter-Departmental Joint-Teams Initiative***

Based on a Ministerial conceptualization and directive, the Department has implemented an Inter-Departmental Joint Teams Initiative between the Department and its largest User Departments e.g. the Department of Justice & Constitutional Development to ensure significant enhancement in the accommodation infrastructure planning and implementation value chain. The objectives of the joint teams approach between the Department and each of its key Users, inter alia, are:

- To foster cooperation between the Department and its Users to improve delivery of services/ projects;
- To create a platform for addressing performance challenges from both DPW and its Clients; and
- To enable the Executive from both the Department & Clients to have first-hand and reliable information about the projects under planning / execution

The meetings of the Joint Teams commenced towards the end of the financial year and were convened frequently. Already, demonstrable results have been achieved through the closer management of the priority projects of a Capital, Maintenance and Leased nature in the User Department's accommodation requirements.

The initiative commenced with the 5 key Departments, and it is envisaged that the initiative will be rolled out to all User Departments in due course. This development is based on the outcomes already achieved.

## ***Expanded Public Works Programme (EPWP)***

The country is faced with high unemployment rate, poverty and inequality. These issues have adverse impacts on economic development and the standards of living. In the light of these challenges, the government introduced public employment programmes to address some of these issues and provide a better life to the affected people. Since the inception of the

EPWP, the country has made significant progress in tackling these challenges. The Department, together with various other contributing departments and public bodies, has contributed a great deal to create work opportunities, to skill the communities and to ensure greater participation of designated groups, particularly women and youth in the infrastructure, social and non-state sectors. Such efforts have created more than 1.1 million work opportunities – this translates into 106% overachievement - in the period under review. The goal is to create 6 million work opportunities by the end 2019. In terms of the full time equivalent, about 92% or 387 278 were created in the 2014/15 financial year. Despite the challenges such as numerous delays in the implementation of projects that have vast potential to create further work opportunities and delays in reporting owing to challenges with the roll-out of the new system, the Department is pleased to report the progress achieved, thus far. In response to some of the challenges regarding the administration of the EPWP, the Department has put measures into place to address them.

## **Energy, Water Efficiency and Waste Management**

South Africa is currently faced with energy and water crisis. This was evidenced by a series of load shedding resulting from increased demand for energy and the need to maintain ageing energy facilities. With regard to water usage, the Department of Water Affairs stated in its 2013 National Water Resource Strategy that of the 223 river ecosystem types in South Africa, 60% were threatened and 25%, of those, were critically endangered. The situation with the 792 wetland ecosystems is even worse. This poses a serious threat to the use and availability of water the most valuable resource in the country.

South Africa is a signatory to the Kyoto protocol. The Kyoto Protocol is an international treaty, extending the 1992 United Nations Framework Convention on Climate Change (UNFCCC) that commits developing countries to reduce greenhouse gases emissions on the basis of the existence of global warming and man-made carbon dioxide (CO<sub>2</sub>) emissions. The Protocol was designed to assist developing countries to adapt to the negative effects of climate change. The intention was for countries to reduce greenhouse gas emissions due to their detrimental effect on the environment.

Faced with the energy and water crisis in the country, it was therefore deemed prudent for Government to the lead in the issues pertaining to energy and water efficiency. This meant building and facilities occupied by many Government Departments needed to be retrofitted with technologies to ensure that the Government buildings are energy efficient. To date, 9429 buildings have been retrofitted with energy efficiency installations, 11 buildings retrofitted with water savings installations and 91 buildings were retrofitted with waste management systems, i.e. the separation of waste sources. All these are part of the country's contribution to the Green Economy that is premised on renewable energy, green building, sustainable transportation, waste management and land management.

The Department, assisted by the Department of Energy (DoE) and the German International Corporation (GIZ), piloted a project to install Smart Meters. In the current phase, 180 Smart Meters have been installed in various buildings including the Department's Head Office, the Department of Energy's Head Office (Matimba Building), selected Provincial Hospital Buildings in Gauteng and Kwa Zulu-Natal, as well as State Owned Entities buildings such as the South African Post Office (SAPO). Further installations are to be undertaken in the Union Buildings and the Parliamentary Precinct.

## **Robben Island**

The Robben Island project has taken off very well. The Department has developed a comprehensive intervention plan

for the upkeep of the Robben Island, the iconic International Heritage Site. More than R50 million has been budgeted for the various projects to be completed in the next financial year. The critical projects include the refurbishment of houses, the church, the prison, the replacement and upgrading of the power generators, assessing the condition of the blue quarry and other restorative work.

## **Rates and taxes**

The Department made very good progress in settling arrear amounts owed to municipalities for rates and taxes. The Department's debt is estimated at about R200-million and was verified from October 2014 to March 2015 and confirmed to be R68,7-million. R60-million was paid during Phase 1 and the outstanding amount was in progress of being settled.

The Phase 2 of the verification of invoices for the broader Government debt owed to municipalities was initiated by the Department in March 2015. The National Treasury's Section 71 Report confirmed that on 31 March 2015 Government owed municipalities R5.2 billion. Although the process of verification of the debt is picking up momentum, it has been delayed as a result of challenges with municipalities.

The verification of invoices is progressing and the debt for each department will be confirmed. Each custodian and debtor Department will be required to make arrangements to settle the debt. The Department intends to complete the verification of the debt for each custodian and debtor department by December of 2015 and will report the results in the forthcoming financial year.

The conclusion of this exercise will have a significant impact on municipalities and their ability to deliver on the much-needed services to their communities. The payment of Government debt is crucial to the National Development Plan's (NDP) socio-economic objectives and constitutes a key driver to support Government's priorities.

## **Oversight on the Entities of the Department**

The Department exercises oversight on its entities to ensure that service delivery takes place in line with the broader mandate of the Department. The four entities - the Construction Industry Development Board (cidb), the Council for the Built Environment (CBE), the Independent Development Trust (idt) and Agrèment South Africa (ASA) - report to the Minister.

### **Construction Industry Development Board (cidb)**

In the year under review, the cidb has continued to make significant strides in the development and transformation agenda for the construction industry. The 2014/15 financial year revealed positive trends in the number of contractors who qualified for higher grades, particularly in Grades 7 and 8, and more importantly, these contractors managed to maintain those grades. The sustainability of these contractors is achieved through continued access to work opportunities by the public sector clients. The cidb has continued to provide a Support and Capacitation Programme to its clients across the nine provinces, which has resulted in noticeable improvement in compliance to the cidb prescriptions. Improved monitoring of the performance of the clients to spend their planned infrastructure budgets will continue in the next financial year.

## ***Council for the Built Environment (CBE)***

The CBE focused on its mission to be a responsive, relevant advisor and implementer of Government's priorities in the built environment, to lead and support ongoing transformation, and the development and regulation of the built environment professions. The Annual Performance Plan, underpinned by the Strategic Plan was developed, adopted and applied. Several Programmes, which focused on the transformation of the built environment, were part of the Performance Plan and deemed, as the starting point of an ongoing process, to achieve a holistic approach and cooperation between all the stakeholders. A renewed focus on the importance and the role of the Built Environment Professional Councils invited closer interaction with other Professional Councils, in pursuit of the ideal of a real built environment family that worked together in interest of the country and all its citizens.

## ***The Independent Development Trust (IDT)***

The Independent Development Trust is charged with supporting the Department to deliver effectively social infrastructure across the country. In the 2014/15 financial year, the IDT, though faced with a number of challenges, was still able to support the Minister to contribute to the delivery of the Department's mandate.

During the period under review, the Entity Programme managed the delivery of programmes to the value of R6 372 billion. Approximately 90% of the annual programme expenditure - R5 734 billion- was expended on the delivery of social infrastructure. It must be noted that expenditure is not an end in itself. Beyond the expenditure levels, the IDT's contribution needs to be understood in the context of the impact of its work. The entity supported 44 Government Departments and contributed to the empowerment of previously disadvantaged communities by spending 67%, - R4.287 billion of its annual programme spend through BBBEE compliant contractors. Through the EPWP-NSS and social infrastructure delivery programmes and working with 378 grassroots cooperatives, NPOs and CBOs, the IDT created 74,251 work opportunities. In line with the Minister's emphasis for a women and youth centred approach to development, the IDT awarded contracts to the value of R1.72 billion and R1.08 billion, to women and youth-owned and controlled contractors, respectively. This increased the participation of women in the Contractor Development Programme (CDP) to 67% of total participants compared to 60% five years ago. Furthermore, the percentage of contracts awarded to CDP participants constituted 3.5% - R225m of the annual programme expenditure.

The Minister has initiated a process of transforming the IDT as a social infrastructure implementing agent of government that will be tasked with complementing the work of the Public Works family. This transformation process is likely to result in a review of the current corporate form of the IDT; its name; capacity in social infrastructure delivery management, and its financing model. Given that the grant funding that has historically sustained the IDT has almost been depleted, and that the annual departmental transfers to the IDT is due to terminate in the year ahead, the development of a funding model, including a realistic management fee structure for the IDT, is a crucial imperative for its sustainability.

## ***Agrément South Africa***

Agrément South Africa facilitated the safe introduction, application and utilization of satisfactory innovation and technology development within the construction industry, for products for which there are no national standards. The ASA does this by providing authoritative assurance of fitness-for-purpose for such technologies to optimize resource utilization and realize cost savings within the industry.

The ASA has been in existence since 1969 and has been operating at the CSIR under the auspices of its Built Environment Unit. ASA will soon be established as a juristic person once the Bill in this regard is signed by the President of the Republic of South Africa, His Excellency Mr Jacob Zuma. At this juncture, there will be a need for transitional arrangements to provide shared services support to cover the potential void in the CSIR when terminating its existing support arrangement, until such time that the organisational and operational structure for the new juristic person have been finalized.

## Change Management

In 2013, the Department introduced a Change Management Project to support the implementation of the Turnaround Strategy. Subsequently, a Charter with clear objectives and interventions for the change management was approved. Also approved were effective Change Management plans that focused on the 'people side of change' and involved a structured approach to empower individuals to accept, embrace, and drive the implementation of the change management interventions. The objectives of the change management initiative are centred on three critical pillars namely - effective communication about change, sound and fair work conditions and training.

The Change Management Project commenced, pursuant to the Minister's and the Deputy Minister's Regional Roadshows, during the 2013/14 financial year. This project was executed to assess the impact of the Turnaround Strategy on the staff attitudes and opinions and their perceptions and levels of participation in the Strategy. In addition, the Change Management Project was to be used as a means of collecting data on various issues affecting the employees of the Department and to enhance communication regarding the Strategy.

Due to lack of data at the time, the 2014/15 financial year saw a massive drive for the collection of data through questionnaires as well as the determination of the levels of awareness, attitudes and commitment towards the Department's Turnaround Strategy. A comprehensive Report to this effect was drafted with recommendations to shape future engagements on change management initiatives. Furthermore, of great importance, the Report recommended that communication should be improved in the Department and every employee should be involved or communicated with – especially the lower staff levels and regional employees. This therefore called for a development of a clear Communications Strategy to improve communication and boost the morale of all the employees.

The Change Management Communication Strategy was drafted to specifically support all the change process initiatives. The key focus was to bring marked improvement in appraising and ensuring the participation of all staff members in the change process. The appointment of Change Agents further enhanced the communication about the progress on the Turnaround Strategy. A Steering Committee was established to drive consultations with labour stakeholders. Engagement with labour, focused on information sharing and updates on all issues pertaining to the turnaround projects, especially the Review of the Organisational Structure.

During the last quarter of the period under review, the training work-stream facilitated training for employees of different levels on Soft Skills which entailed Change Management, Financial Management, Time Management, People Management and Emotional Intelligence. The training was aimed at addressing cultural changes as part of the Turnaround Strategy.

## Immovable Asset Register

The implementation of the Immovable Asset Register (IAR) Programme, which is intended as a phased process, remains the key to the full operationalisation of the Property Management Trading Entity (PMTE). As a continuous exercise to ensure that the Department's IAR is complete and accurate, the Department's IAR was reconciled against the Deeds records, other National and Provincial IARs for both the interim and annual financial statements during the 2014/15 financial years. All the relevant information fields in the IAR were populated to comply with National Treasury's minimum requirements and Generally Recognised Accounting Practice (GRAP) standards during the year under review. All information collected will be subjected to further analysis and alignment to the approved Immovable Asset Management Policy.

Accounting for State immovable assets has improved due to the ongoing collaborative efforts between National and Provincial custodians as demonstrated in the 2014/15 financial year audit reports in respect of immovable assets for these custodians. There was no audit qualification pertaining to Immovable Asset Registers for National and Provincial custodians in 2014/15.

The Department and the Department of Rural Development and Land Reform (DRDLR) as the main national custodians have assumed a collective, leading role in the identification and correct classification of Government immovable assets. In this regard, about 761 land parcels were vested in National Government of South Africa's name (confirmed ownership) during the year under review. As at 31 March 2015, the Department has cumulatively vested 16 161 out of 33 000 land parcels under its custodianship.

Real Estate Information and Registry Services (REIRS) branch has been established under PMTE (programme 5) to ensure efficient management and control of the IAR within the PMTE. In addition REIRS will provide oversight, regulation and monitoring of the IAR for the State. The development and approval of the Operating Model to ensure that there is adequate capacity in the Department to maintain the IAR and provide leadership, support and guidance to the Provinces is underway. Provincial custodians of immovable assets have also been involved in the process to ensure a seamless approach in Asset Register Management. This will eventually be applied across all spheres of Government to ensure compliance with GIAMA and other relevant prescripts.

The State Domestic Facilities Framework has been compiled for the National and Provincial custodians of immovable assets. The purpose of the document is for custodians: :

- To regularise and formalise legacy events where State Domestic Facilities (SDFs) are situated on land not under the custodianship of National and Provincial custodians
- To make decisions on how to regularize the SDFs on land not under the custodianship of National and Provincial custodians
- To provide the appropriate accounting treatment of SDFs in line with the relevant prescripts
- To provide the high level steps and actions required in executing the various regularization options available, and
- To ensure existing arrangements with, e.g. the Ingonyama Trust, are honoured and that such transactions are recorded in accordance with the provisions contained therein

The Department's program to rebuild its Generally Recognised Accounting Practice (GRAP) compliant Immovable Asset Register (IAR) by 31 March 2016 is making good progress, as indicated below:

- The physical verification of specifically identified land parcels by Department has almost been concluded. To date, the Department has verified 36 852 of the identified land parcels in the 2013/14 financial year
- The remaining 6900 land parcels will be verified and assessed during the 2015/16 financial year

- The Department's State Domestic Facilities not on State land have been identified and accounted for.
- A methodology for applying fair values to the Department's properties, based on municipal values has been developed and is being implemented. This has the benefit of re-using values already paid for by the State, instead of incurring the significant costs of using professional valuers. Approximately 60% of DPW's properties have had municipal values applied in the 2014/15 financial year with the remainder to be completed by 31 March 2016 in line with the GRAP phase-in process as permitted by the Accounting Standards Board (ASB) Directive 2. This has resulted in the disclosure of DPW's properties at R77 billion for the year ending 31 March 2015, compared to the R10.3 billion in the 2013/14 financial year. Professional valuations are being conducted for property management transactions on a case by case basis where needed.

Of the approximately 33 000 properties in the IAR, the custodianship of about 23 000 properties has already been confirmed by virtue of registration or vesting. About 3000 properties are in the process of being vested while the remainder will be vested once all required documentation has been obtained.

The above key indicators highlight the significant advances made to enhance the State's immovable asset registers.

## Organisational Structure Process

The review of the Department's Organisational Structure was concluded with the approval of the Executive Authority in April 2014. This was preceded by extensive consultation with all stakeholders that included all the Units in the Department and the representative of labour. The main rationale for the review was to eliminate overlapping functional areas, lack of alignment with the policy pronouncements of our Political Principal, the Department's Strategic Vision, Objectives, Key Priorities and Mandates as well as to reconfigure the structure in accordance with a business model that is customer focused. This organisational structure sought to provide a configuration that separated the PMTE and the Department as the Main Vote. The PMTE's focus was on the management of the massive State Property Portfolio, Asset Investment Management (AIM), Asset Registry, Facilities Management and Property Management. The remaining functional areas formed part of the Department's Main Vote.

The negotiations for a new Programme Budget structure between the Department and the National Treasury culminated in new roles for the Department and the PMTE. The Department focused on Policy formulation, intergovernmental relation and the concurrent functions across the Public Works family, the EPWP, Policy Construction, and the Prestige functions. The PMTE will be the implementation entity of the Department focusing on the total State Property Portfolio, from client relations with client departments to leasing in-and/or out, facilities management and property construction.

This process resulted in the review of the April 2014 organisational structure that is due to be approved by the Executive Authority. The only outstanding matter is to secure the concurrence of the Minister of Public Service and Administration for the implementation of the revised organisation structure. This new structure will replace the April 2014 approved structure and it will be implemented during the 2015-16 financial year.

## Concurrent Mandate

Significant progress has been achieved in the area of oversight and regulation of the Public Works sector. This included the development of Provincial customised performance indicators that reflect the core areas of service delivery for the Public Works family. The determination of these concurrent issues is influenced by interrelated and interdependent

business areas. In a bid to improve performance, the Department held quarterly performance reviews with the Provincial Departments to discuss performance in specific programmes and to share best practices in areas of commonality with the GITC (GIAMA Implementation Technical Committee), the Asset Register Management, CFO's, i-E Works and IDMS forums. These activities were conducted under the auspices of the MINMEC intergovernmental forum chaired by Minister of Public Works and have established the foundation for a more intensified focus on the oversight and regulatory role of the DPW over the medium term.

## ***Fraud and Corruption***

During the reporting period, the Department's Fraud Prevention Strategy and the Anti-Fraud and Corruption Policy were approved and adopted. In addition, a Whistle Blowing Policy was developed, approved and adopted to encourage whistleblowing on activities associated with fraud and corruption. As a means to combat pro-actively fraud/corruption, the Department introduced the Infrastructure Delivery Transparency System, as a pilot project, in the period under review. For the first time since 2009, processes were put into place to compile a comprehensive Fraud Prevention Plan. This was preceded by a fraud risk assessment and a departmental-wide Fraud Perception Survey.

A draft Risk Register and a Fraud Risk Management Plan were completed and presented the Executive Committee, during the period under review. The Fraud Investigation reduced the backlog of cases to be investigated going as far back as the 2009/10 financial year. Of the 289 cases reported for investigation for the financial years 2009/10 to 2014/15, 190 have been completed; 39 were referred to other Business Units and Law Enforcement Agencies for further handling and 60 Investigations are currently underway. Emanating from the investigations conducted from the 2009/10 financial year to date, 129 disciplinary actions were recommended, of those 100 have been finalised and 29 are still on-going. Sanctions issued based on completed disciplinary processes, range from dismissals, final written warnings, written warnings etc. Currently, in respect of allegations reported, investigations are instituted within 30 days of receipt of allegations.

Of the thirty-nine (39) cases of allegations received for the 2014/15 financial year, fourteen (14) cases have been completed and reports/memoranda issued to management; twenty-three (23) cases were at various stages of investigations and two (2) cases were referred to other Business Unit/SIU/SAPS. Of the fourteen (14) completed cases, five (5) disciplinary actions were recommended against officials, of these, three (3) were finalised and two (2) are pending. Of the three (3) finalised, one (1) official was suspended without pay, one (1) official was found not found guilty; one (1) official was dismissed; and four (4) cases were reported to SAPS. These cases are still under investigation.

## ***Infrastructure Delivery Management System (IDMS)***

The Infrastructure Delivery Management System (IDMS) is the model that describes the processes that make up public sector infrastructure management, mainly applied to the construction industry. It outlines the core processes associated with the model for planning, delivery, procurement, and maintenance of infrastructure works. There are five key areas identified for institutionalizing the IDMS in provinces: Planning, Procurement, Implementation, Compliance, and Capacitation. This model aims to centralize the IDMS as a tool for personnel involved in Portfolio Management, Project Management, Operations and Maintenance. The Department has established a National Committee to monitor the institutionalization and implementation of the IDMS. In addition, the functional generic structure for the IDMS has been endorsed by MINMEC as a guide. This will then be rolled out within the Public Works family.

## **Operationalisation of the PMTE**

### **Transfer of functions from the Department to PMTE**

Subsequent to the transfer of functions from the Main Vote to PMTE with effect from 1 April 2013, practical considerations impacting on the operationalisation of the PMTE were continuously assessed by Management. The new operating model of the PMTE was further refined which inevitably also impacted on the functional split between the Main Vote and the PMTE. After due consideration of the operational efficiencies of both these institutions, additional functions were re-allocated from the Main Vote to PMTE with effect from 1 April 2014.

For the year under review, all functions transferred to the PMTE are accounted for in accordance with the GRAP basis of accounting. Funds for all administrative expenditures associated with these functions however remained in the Department as the PMTE was not yet geared to deliver this independently from the Department.

The application of the transitional arrangements, as provided for in Directive 2 "Transitional provisions for Public Entities, Trading Entities, Municipal Entities and Constitutional Institutions" issued by the Accounting Standards Board, has been maintained. This is the second year that this provision has been applied. Over the past two years of the operationalization of the PMTE, sufficient progress has been made with regards to complying with applicable GRAP requirements. Management is confident that the PMTE will be fully compliant, in all respects, when this provision lapses at the end of the 2015/16 financial year.

### **Irregular expenditure**

When the irregular expenditure of approximately R35 billion, on an estimated 395 000 transactions was disclosed in the previous financial year, the Department made a commitment to institute mechanisms that will ensure these transactions would be dealt with in accordance with Treasury prescripts. To achieve this, the immediate task at the beginning of this year under review, was to investigate objectively each and every transaction to determine the appropriate action that needed to be undertaken. Due to the sheer volume of transactions and the various matters to be investigated for each transaction, it was not possible to complete all investigations during the year.

During the detection process followed to identify transactions that were irregular, such transactions were tested against a potential 41 (forty-one) criteria which would render them to be irregular. As soon as a single contravention against any one of these 41 criteria was detected, the transaction was declared irregular and further testing on that particular transaction suspended. This was, however, different when an investigation of an irregular transaction was performed. All irregular transactions had to be tested, in detail, against the entire 41 listed criteria. It was evident, as can be seen from the afore-going, that this process was quite onerous and extremely time consuming. Due to the complexities and the quantum of work involved, this investigation process is expected to continue, for at least, the next three financial years.

### **Billing and Accounting system**

Since the inception of the PMTE, one of its major challenges in terms of accounting for its financial transactions, has been the absence of a billing and accounting system that would enable itemised billing to client departments and accounting for the business of the trading account on an accrual basis through integration with the business systems.

This exposure was addressed when the PMTE included the acquisition of a billing and accounting system to facilitate the compliance with applicable GRAP accounting standards in its strategic objectives of the 2013 ENE. The funds allocated towards this stated objective were used to purchase Sage X3 accounting software and the Archibus leases management module. An integral part of this acquisition was also the insourcing of IT capacity to assist with the migration of data from BAS as well as the customisation and operationalization of the new system to cater for business requirements.

The development and customisation of this system has been continuing throughout the reporting period as unforeseen problems were experienced during integration, compatibility testing with existing operational systems as well as the setting-up of electronic payment capability independent of the BAS environment. This caused delays that also resulted in the continued billing of Client Departments on the historic basis of devolved budgets for the entire reporting period. The Department informed National Treasury of these challenges and pleaded to be allowed to continue with the current practice. National Treasury subsequently granted exemption until 31 March 2015 to implement detailed billing to clients. This deviation is dealt with in more detail later.



## I.4 OVERVIEW OF FINANCIAL RESULTS

### Programme Revenue

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

**Table I: Revenue Receipts**

Departmental receipts	2014/15			2013/14		
	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	7 705	6 667	1 038	4 720	3 859	861
Fines, penalties and forfeits	-	7	(7)	18	4	14
Interest, dividends and rent on land	100	5 019	(4 919)	5 702	1 326	4 376
Sale of capital assets	-	-	-	-	77	(77)
Financial transactions in assets and liabilities	5 433	4 439	994	1 948	50 204	(48 256)
<b>Total Departmental receipts</b>	<b>13 238</b>	<b>16 132</b>	<b>(2 894)</b>	<b>12 388</b>	<b>55 470</b>	<b>(43 082)</b>

The Department collected R16.1 million as per the different categories reflected in the Table above. The increase in interest, dividends and rental on land was not anticipated as it related to interest generated from the advances made available to the IDT, for services rendered on behalf of the Department.

The Departmental revenue is projected to decrease in future due to the transfer of certain functions and the associated budget to the PMTE. This is expected to impact primarily on revenue generated from "sale of goods and services other than capital assets" for the reduced sale of tender documents.

The Department provided free accommodation to a number of Chapter 9 institutions based on the 2006 devolution principles. This was done on the basis of the commitment on the Departments budget at that stage. This arrangement was formalised through the 'Framework for the Devolution of Budget and Introduction of Accommodation Charges'. The amount paid in the current year under review is R72 million (2013/14: 82million).

A total of R3.4 million has been written off as bad debts. A significant portion of the debts relates to municipal deposits.

## Budget Allocation 2014/15

The Department's adjusted appropriation for the year under review was R6.121 billion, a 1% decrease compared to the 2013/14 financial year's adjusted appropriation of R6.175 billion. The reduction in the budget allocation was due to the reduced payments for capital assets for infrastructure and transfers and subsidies to the IDT within the Immovable Asset Management Programme, effective from 1 April 2014.

As depicted in Table 2 below, the bulk of the appropriated financial resources (78%) are allocated between Immovable Asset Management (46%) and the EPWP (32%). These two programmes represent the major proportion of the Department's mandate and deliverables.

**Table 2: Budget Allocation per Programme Programmes**

	R'000	Allocation as %
Programme 1: Administration	1 179 272	19%
Programme 2: Immovable Asset Management	2 829 033	46%
Programme 3: Expanded Public Works programme	1 946 480	32%
Programme 4: Property and Construction Industry Policy Regulations	34 336	1%
Programme 5: Auxiliary and Associated Services	132 199	2%
<b>Total</b>	<b>6 121 320</b>	<b>100%</b>

## Expenditure Analysis

A summary of the Department's financial performance is provided in Tables 2, 3 and 4 below which reflect the overall budget and expenditure as well as spending per economic classification.

**Table 3: Overall Expenditure Analysis**

	2014/15	2013/14
Budget allocation	R 6.121 billion	R 6.175 billion
Actual Expenditure	R 6.022 billion	R 6.022 billion
<b>Actual: Spent Budget %</b>	<b>98%</b>	<b>97%</b>
Unspent funds	R 99 million	R 153 million
<b>Actual: Unspent Budget %</b>	<b>2%</b>	<b>3%</b>

**Table 4: Expenditure Analysis per Programme**

	2014/15				2013/14		
	Final Appropriation	Actual Expenditure	Variance	Expenditure as %	Final Appropriation	Actual Expenditure	Expenditure as %
	R'000	R'000	R'000	%	R'000	R'000	%
Administration	1 179 272	1 174 805	4 467	99.6%	1 132 506	1 099 051	97.0%
Immovable Asset Management	2 829 033	2 758 122	70 911	97.5%	2 967 632	2 862 229	96.4%
Expanded Public Works Programme	1 946 480	1 925 580	20 900	98.9%	1 937 087	1 931 690	99.7%
Property And Construction Industry Policy Regulations	34 336	31 363	2 973	91.3%	36 682	32 758	89.3%
Auxiliary And Associated Services	132 199	132 168	31	100.0%	101 164	96 926	95.8%
<b>Totals</b>	<b>6 121 320</b>	<b>6 022 038</b>	<b>99 282</b>	<b>98.4%</b>	<b>6 175 261</b>	<b>6 022 654</b>	<b>97.5%</b>

Table 5: Spending Per Economic Classification – DPW

	2014/15			2013/14			
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	Expenditure as % of final appropriation %
<b>Current payments</b>							
Compensation of employees	1,613,619	1,591,775	21,844	98,6%	1,480,628	1,471,497	99%
Goods and services	1,444,178	1,428,327	15,851	98,9%	1,363,305	1,315,756	97%
Interest and rent on land	9	9	-	100,0%	-	-	-
<b>Transfers &amp; subsidies</b>							
Provinces & municipalities	1,201,520	1,200,256	1,264	99,9%	1,225,778	1,221,445	100%
Departmental agencies & accounts	802,506	802,476	30	100,0%	803,694	802,412	100%
Foreign governments & international organisations	22,548	22,548	-	100,0%	20,510	17,555	86%
Public corporations & private enterprises	50,000	50,000	-	100,0%	100,000	100,000	100%
Non-profit institutions	477,481	488,502	(11,021)	102,3%	438,281	448,679	102%
Households	14,619	13,992	627	95,7%	6,925	6,462	93%
<b>Payment for capital assets</b>							
Buildings & other fixed structures	386,552	315,914	70,638	81,7%	626,206	567,365	91%
Machinery & equipment	103,626	103,577	49	100,0%	85,676	47,511	55%
Software & other intangible assets	1,223	1,223	-	100,0%	16,470	16,184	98%
<b>Payment for financial assets</b>							
	3,439	3,439	-	100,0%	7,788	7,788	100%
<b>Total</b>	<b>6,121,320</b>	<b>6,022,038</b>	<b>99,282</b>	<b>98,4%</b>	<b>6,175,261</b>	<b>6,022,654</b>	<b>97,5%</b>

Departmental spending for the period under review was R6.022 billion that represented 98% of the adjusted budget of R6.121 billion. The variance of R99 million is attributed to underspending on the Compensation of Employees, Goods and Services and Buildings and other Fixed Structures.

**Spending per programme and economic classification is discussed below:**

**Programme 1: Administration**

The underspending of R4.5 million in Programme 1 related to the following:

- Compensation of Employees' underspending of R3.7 million
  - Due to vacant positions in the last quarter of the financial year.
- Goods and Services under-spending of R340 000
  - Invoices were received late and reported as accruals.
- Transfers and Subsidies (for household) underspending of R436 000
  - Due to lesser commitments for leave gratuities made in the financial year.

**Programme 2: Immovable Asset Management**

The underspending of R71 million in Programme 2 related to payments for capital for buildings and other fixed structures due to a delay in implementing infrastructure projects timeously. This resulted in payments being made late under PMTE and not being recovered from the Department. The DPW engaged with National Treasury for the reallocation of these funds to the PMTE, in line with the transfer of functions as funds have already been spent.

**Programme 3: Expanded Public Works Programme**

The underspending of R21 million in Programme 3 was mainly due to the following:

- The Compensation of Employees underspending by R17 million was due to vacant positions within EPWP that were only filled in the latter part of the financial year.
- Goods and services were underspent by R2.8 million by the end of the financial year. Commitments and accruals related to unspent funds were reported at the end of the financial year.
- Transfers and subsidies were underspent by R1.2 million, and related to the transfer payments to Provinces for the EPWP Integrated Incentive Grant. Funds were withheld for 2 Limpopo Provincial Departments due to non-compliance to the Division of Revenue Act by the provinces. The approval for the withholding of funds was granted by National Treasury.

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

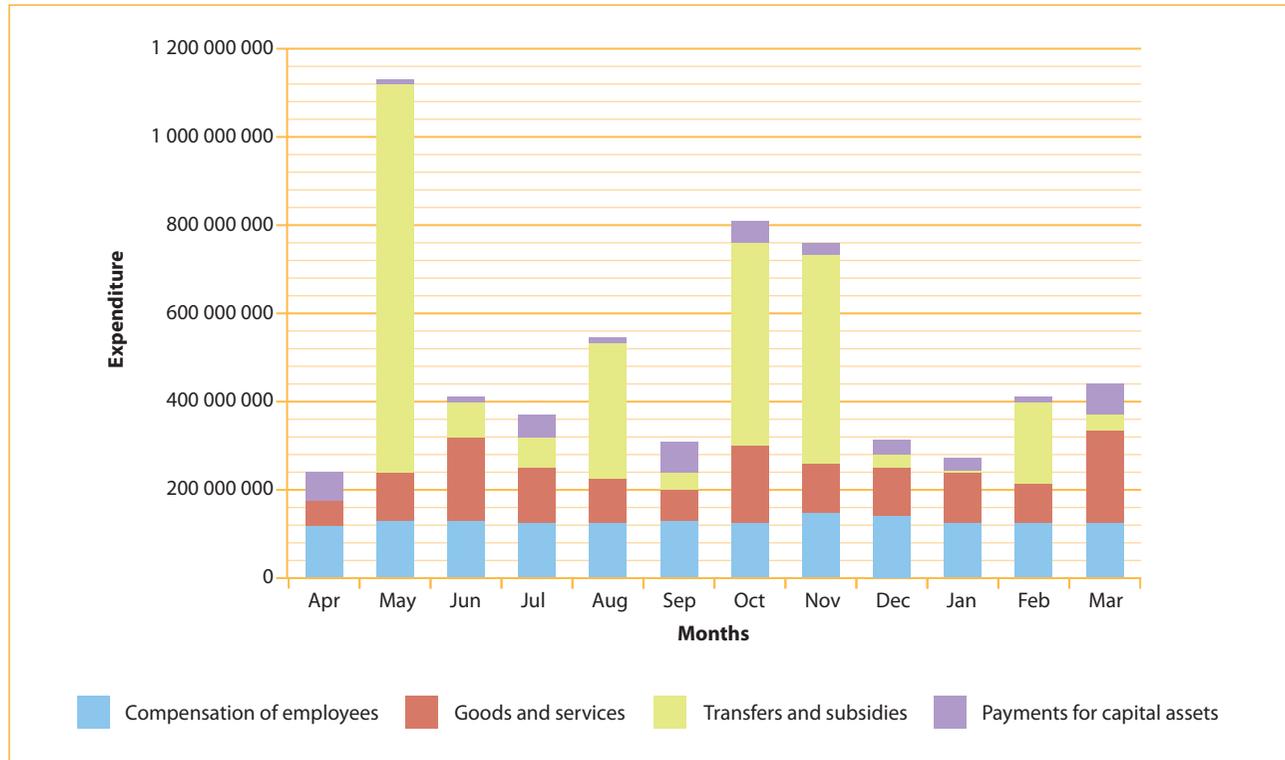
Underspending of R3 million in Programme 4 was due to the following:

- Compensation of employees underspending of R1 million was due to vacant positions within the Branch, with of the posts only being filled in the latter part of the financial year.
- Goods and services underspending of R12.7 million included an original R11 million budget allocation to Agrément SA which was subsequently paid from transfers and subsidies. The expenditure for Agrément SA under transfers and subsidies was classified as irregular expenditure as the organisation was not a registered legal persona.
- Transfers and subsidies over spending of R10.8 million were attributable to the payment made to Agrément South Africa.

**Programme 5: Auxiliary and Associated Services**

Expenditure was 100% in this Programme. The figure below indicates the spending trends for the Programme.

**Figure 1: Spending Trends in Programme 5**



The bar chart above demonstrates that the monthly expenditure was, on average, R502 million with high spending of R1.1 billion occurring during May 2014 and low spending in April 2014. Expenditure for the months of May, August, October and November 2014 and February 2015 was high as it included substantial transfers to the Department's Entities, the EPWP Non-State Sector and the EPWP Incentive Grants to the provinces and the municipalities.

**Virement**

At the end of the year, the Department shifted funds between Sub-Programmes and per Economic Classification, in line with the PFMA and the set threshold of 8% was not exceeded. The funds were utilised as per the Table below:

**Table 6: Virement for 2014/15**

	<b>Prog. 1</b>	<b>Prog 2</b>	<b>Prog 3</b>	<b>Prog 4</b>	<b>Prog 5</b>	<b>Total</b>
	<b>R`000</b>	<b>R`000</b>	<b>R`000</b>	<b>R`000</b>		<b>R`000</b>
Compensation of employees	-	-	(3 839)			(3 839)
Goods and services	(13 336)	13 950	-	(2 010)	40 249	38 853
Transfers and subsidies	-	-		-	-	-
Payments for capital assets	2 031	(39 294)	976	-	-	(38 239)
Payments for financial assets	-	3 225	-	-	-	-
<b>Total</b>	<b>(11 305)</b>	<b>(22 119)</b>	<b>(4 815)</b>	<b>(2 010)</b>	<b>40 249</b>	<b>R3 225</b>

**The following virement of funds were applied:**

- Programme 1 decreased by the net amount of R11 million resulting from the reduced goods and services (R13 million) to Programme 2, and additional R2 million from Programme 2 (781 000) and 3 (R976 000) to offset high spending under machinery and equipment. Accruals were reported for funds not spent in this Programme, which resulted from delays in receipt of the invoices and payments that could not be processed due to changes in the banking details. The unspent funds were to be utilised as a virement in Programme 2.
- Programme 2 decreased by the net amount of R22 million resulting from the reallocation of R39 million from payments for capital assets to goods and services in Programme 5 (R38.2 million). Additional funds received from Programme 1 (R13 million) and 3 (R3.8 million) offsetting high expenditure on goods and services and the write-offs. The balance of the additional R781 000 from payments for capital assets was adjusted to Programme 1 to offset high spending under the same Economic Classification. Approval for the adjustment of funds from payments for Capital Assets (R38.2 million) to Goods and Services was granted by National Treasury. High expenditure on Goods and Services related to increased expenditure under Travel and Subsistence and Maintenance and Repairs for the infrastructure. Funds for Maintenance and Repairs were adjusted from payments for Capital Assets during the adjustment estimates, and the actual expenditure was higher than the adjusted budget by R94 million, hence the need for the virement at the end of the financial year with the funds from both Programmes 1 and 3.
- Programme 3 decreased by R4.8 million to both Programme 1 (R976 000) and 2 (R3.8 million) offsetting high spending on Goods and Services, payments for Capital Assets and payments for Financial Assets. The virement of funds to Programme 2 was made from underspending of Compensation of Employees relating to delay in filling of the vacant positions and payments for Capital Assets to Programme 1. Posts, not filled in the year under review, will be filled during the 2015/16 financial year.
- Programme 4 decreased by R2 million as a virement to Programme 5 to offset over spending of Goods and Services in Programme 5. The virement of funds in this Programme was made from Goods and Services resulting from lower expenditure than initially projected under Travel and Subsistence and Outsourced Services.
- Programme 5 increased by R40.2 million through the virement of funds from both Programme 2 and 4 for Goods and Services under State Function. Excessive expenditure on Goods and Services in this Programme relate to unforeseen and unavoidable expenditure of the three (3) official State funerals during March 2015 - this was not budgeted for. The three (3) official funerals were the two (2) reburials for Messrs JB Marks and Moses Kotane,

and the funeral of the late Minister of the Department of Public Service and Administration, Mr Collins Chabane. As alluded to in the previous paragraph, the amount of R38.2 million was approved by National Treasury for the adjustment of funds from payments for Capital Assets in Programme 2 and the balance of R2 million is proposed for adjustment from Goods and Services in Programme 4. The approval for the adjustment of funds from payments for Capital assets and Goods and Services was approved, in compliance to PFMA and Treasury Regulations.

## **Unauthorised expenditure**

In the current year, the Department incurred unauthorised expenditure of R5.5 million. The expenditure related to Construction of Schools Projects implemented by the Department since 2010/11 and now completed. The construction of schools by the Department was in response to a Presidential call to eradicate mud schools in the country by 2014/15. The Department constructed schools in the Eastern Cape and North West Provinces through the agency services of the IDT using technologically-advanced alternative construction methodologies.

The Department's total cumulative unauthorised expenditure was R261.2 million. The cumulative impact due to unauthorised expenditure from the 2007/08 financial year has negatively affected the Department's cash flow. This situation will continue until such time Parliament sanctions this unauthorised expenditure. The Department has therefore undertaken a process of consolidating all unauthorised expenditure to submit it to National Treasury for tabling in Parliament for the consideration of possible appropriation.

## **Irregular Expenditure**

In the previous financial year, the PMTE reported a substantial increase of irregular expenditure, detected as a result of the review of historic transactions - going back more than five years. The contraventions detected were mainly due to circumvention of existing controls in, especially, Supply Chain Management. As per the definition of Irregular Expenditure, it is a reflection of costs incurred in contravention of prevailing prescripts or applicable legislative requirements and is not necessarily indicative of the level of misuse of State resources, or fraud and corruption as it is often labelled. Those transactions that were deemed to constitute possibly fraudulent activity have been referred to investigative authorities to probe in further detail.

The main cause of irregular expenditure in the PMTE was the inappropriate SCM Framework prescribed for the Goods and Services dispensation of Government that did not cater for the specialised needs of the PMTE. This has had a major impact when it came to the acquisition of leased properties. The correction of this anomaly received priority attention during the reporting period and therefore major strides were in consultation with the Office of Chief Procurement Officer (OCPO), of the National Treasury to finalise a specialised Leases Procurement Dispensation. This new dispensation is anticipated to be implemented as a priority in the coming financial years, in consultation with all relevant stakeholders.

## **Preventative mechanisms implemented**

Whilst the investigation of the past transactions has continued, it is equally important to ensure that preventative measures were put in place to enforce strictly all existing internal controls on all new business transactions. This has been very successful as can be seen from the results achieved. With the exception of the carry through effect of contracts which were entered into in prior years, irregular expenditure incurred as a result of new contracts and procurement has declined

sharply to R7.8 million compared to R115 million in the previous financial year for the Department's Main Account. The total disclosure for PMTE has similarly declined from R6 billion in 2013/14 to R1.23 billion in the current year. Of this amount, only R60 million was identified as a result of irregular expenditure that originated in the current year. The balance of R1.17 billion is due to the carry through transactional costs incurred in prior periods.

Given that a significant number of irregular expenditure transactions have been as a result of non-compliance with SCM prescripts, the Inspectorate and Compliance Unit, in the Office of the CFO was charged with the responsibility of reviewing all quotations and Bid Documents before service providers could be appointed. It must be noted however, that, given the history of the Department there were certain transactions that were unavoidable to transact in the current operational dispensation. Transfer payments made to Agrément SA (ASA), is an example in point. Transfer payments made to ASA (which is a service delivery arm of the Department), are regarded as being irregular. This could not be avoided by the Department through any short term interventions. Approval could not be obtained from National Treasury for these payments due to the fact that this institution has not been formally established as a legal persona. The Department has, in the meantime, taken appropriate steps to correct this by means of draft legislation that is under consideration by Parliament.

## ***Governance structure implemented***

The Guidelines on the Management of Irregular Expenditure provide that the Accounting Officer should consider the investigation results of transactions that have been classified as irregular and take appropriate steps in each case. The Accounting Officer may also, with due consideration of the recommendations of the independent investigative bodies, consider the condonation of particular transactions which were entered into, but served the best interest of the State at the time.

In order to comply with the above, the Department established an independent National Condonation Committee (NCC) comprising senior officials who consider the reports of regional investigations where irregular expenditure occurred. This Committee is supported by regional Technical Advisory Committees (TACs) that were established in all offices where the Department operates. The TACs constitute the first level of evaluation of investigation reports and make appropriate recommendations to the NCC. Whilst regional TACs will only make recommendations, the NCC has authority to conclude on matters within its formally delegated authority. In all other cases, the NCC only makes recommendations to the Accounting Officer or the National Treasury where such authority remains vested in them.

In the 2014/15 financial year, investigations that covered transactions to the value of R3.4 billion were considered. Transactions, to the value of R3.3 billion were concluded by means of condonations granted while transactions to the value of R5.8 million were investigated and concluded by the Special Investigations Unit. The relevant disclosure notes for both the Main Account and the PMTE were updated accordingly.

## ***Fruitless and wasteful expenditure***

The Main account incurred fruitless and wasteful expenditure in the amount of R1.28 million in the current year. R1.27 million of this amount was in respect of legal fees incurred and a settlement paid due to the appointment of an official found not to be in line with prescribed due processes. The implicated employees were issued with final warning letters after a disciplinary hearing.

## **PMTE Debtors Interventions**

The PMTE implemented a Debt Recovery Strategy during the year to improve debt recovery. The strategy consisted of issuing of letters of demand where applicable, holding meetings with clients and soliciting the support of the National Treasury. Previous attempts to reduce the debt did not yield the desired outcome due to historical problems that go back many years and continued to affect the Department. These historical challenges included, the lack of supporting documentation, the inability to confirm actual occupation of accommodation by User Departments, payments made that were not always in line with Lease Agreements, and current budget constraints experienced by User Departments.

The roll-out of this Strategy was preceded by the reconstruction of the Debtor's Book and engagements with User Departments and the National Treasury on the content. This reconstruction of the Debtor's Book will continue into the 2015/16 financial year and will eventually inform any decision to pursue recovery or write off in the future.

In the meantime the PMTE is engaging User Departments to sign revised Service Level Agreements (SLA) to implement advanced billing. This is planned to be fully implemented in the 2016/17 financial year, in line with key finance modelling principles of the revised Operating Model of the PMTE. The PMTE will also engage National Treasury for in-principle support to implement the levying of interest on overdue accounts.

## **PMTE Revenue**

The sources of revenue for PMTE are Accommodation Charges, Management Fees, and Private Leases. This funding model is not viable for the sustainability of PMTE as it continues to rely on the fiscus and does not fully recover the cost of services rendered. The current model, that primarily focuses on reimbursement of cost, incurred on behalf of Client Departments only, places a financial burden on the PMTE as clients delay payments or even fail to settle outstanding debts which then result in impairments or write - offs.

The PMTE has therefore committed to enhance the current business model regarding improved revenue generation and collection over the medium term. To utilise optimally the existing asset portfolio for either service delivery or revenue generation, it is important to create new revenue streams wherever possible by mobilising State owned properties which currently do not meet, at least, one of these criteria. It was therefore decided to pursue this objective in distinct phases that will target particular improvements

In the 2015/16 financial year the PMTE will:

- Implement the Billing and Accounting system that has been acquired and customised to facilitate GRAP reporting requirements. This system will henceforth also be linked to an ERP database managing all key functional operations of the PMTE such as the Immovable Asset Register, leases management, projects under construction, etc.
- Maximise the use of unutilised and underutilised state properties by leasing it out to the private sector where possible. It is the intention to partner with Real Estate Agents and other property professionals to meet this objective given the internal capacity constrains being experienced in the interim.

## I.5 FUTURE PLANS OF THE DEPARTMENT

### *Public private partnerships (PPP)*

The Department participated in a PPP for the provision of Fleet Management Services through the National Department of Transport. The PPP provides full maintenance lease vehicles as per Departmental requirements. This contract came to an end in November 2014. The Department of Transport, in conjunction with the National Treasury, decided to extend it on a month-to-month basis, for a period not exceeding twelve months, until a new contract is concluded.

### *Managing the Bank overdraft of the PMTE*

The current operating PMTE model gives rise to a revolving overdraft of at least R430 million per month. This is mainly caused by the timing delay between the payment of third party contractual obligations and the eventual recovery of those amounts from User Departments. The process that was followed to recover monies relating to private leases, municipal services, user infrastructure spending (capital allocation) and other recoverable infrastructure projects gave rise to a 60 to 90 day delay with regard to the matching of the initial payment and the eventual recovery.

In essence, this model provided interest free short-term bridging finance to User Departments for the full recovery period. As there are no other significant revenue sources that can augment the cash flow requirements of the PMTE, this contributed significantly to the overdrawn bank account of the trading entity.

The mentioned financial exposure emanating from the PMTE's recovery model will be addressed as follows:

- Signing of revised Service Level Agreements (SLA) with user departments to enforce advanced billing, and thereby committing users to the payment of all liabilities (rental, utilities costs, etc.).
- The support from National Treasury will be obtained to cement this proposal. Advanced billing for contractual obligations should not be regarded as pre-payments which may put the Exchequer at risk, but rather an advance to secure continued occupation that will be reconciled and acknowledged, on a monthly basis.
- Timeous resolution of all disputed amounts. The historic debts which are still outstanding due to disputes with users, directly contribute to the PMTE's inability to completely eradicate its bank overdraft. It is therefore in the best interest of all parties to find an amicable solution to this impasse.

The proposed revised recovery process will create a framework whereby third party payments and cost recoveries can be better matched, from a timing perspective, without any additional costs to any of the parties.

### *Finance Model and Pricing Strategy for the PMTE*

To determine accurately the funding needs of the new operating model of the PMTE, a detailed finance model needs to be developed to support the operational enhancements that are planned for implementation. Such model should also guide the financial efficiency of the trading entity in the medium term to a position where it can model different options on how to achieve financial sustainability.

The PMTE, currently, has three major streams of revenue, namely:

- Accommodation charges levied on state-owned accommodation;
- Reimbursement of accommodation charges for properties leased in from the private sector; and
- Management fees levied for the administration of user departments' municipal accounts.

These revenue streams are augmented annually by an amount received from National Treasury. This augmentation is, however, only a temporary grant to be applied as bridging finance for the operationalization of PMTE and will lapse when the entity can assume the responsibility to fund its operational obligations.

The finance model needs to cater for all operating and capital requirements of the PMTE in the medium term. In this regard, the services rendered by PMTE to clients need to be assessed and proper charges levied on them. At the same time that all potential revenue streams should be noted in order to align them in support of strategic objectives, such as incentivising the use of Government owned buildings rather than to rent privately owned accommodation, at exorbitant prices. The detailed design of this model will be consulted with the National Treasury, as the funding needs of the PMTE will also impact on the budgets of other Departments, as the primary clients of the PMTE.

The anticipated impact on the budgets of User Departments will be as a result of the switch from the devolved budget dispensation to detailed billing which will, inter alia, be based on the actual floor space occupied, the condition of the building etc. Currently, charges levied for State-owned accommodation is simply based on the budget amount originally devolved to User Departments in 2006. It is also based on the old asset register (occupation) information which prevailed at that time.

This information has now been substituted with current occupation details that was collated during the latest physical verification of State-owned assets and will become the primary data on which to base user billing. All such asset information will therefore also need to directly feed into the finance model to determine the optimal economic and social funding solution for the entity, based on an aligned asset base.

In determining a proposed pricing structure, the entity will have to link annual expenditure forecasts of PMTE's new operating model to potential revenue streams and sources. This will, inter alia, have to consider the cost of operations, the capital investment needed to improve the current condition of its assets, as well as the other facilities management expenses associated with the management of such an extensive property portfolio. To effectively service the needs of clients, this model will also have to align with the accommodation needs of users based on the content of their user asset management plans. These plans will direct the optimum level and condition of stock to be maintained, for the PMTE to deliver on its mandate. The ultimate objective is to have a portfolio that meets all accommodation demands at affordable Government tariffs, whilst at the same time, making it possible for the PMTE to be financially sustainable.

## **Supply Chain Management**

The Department and the PMTE are using the SCM unit on the basis of a shared service. This will change when Own Support Services are implemented for the revised operating model of the PMTE. In the enhanced business delivery model the SCM unit will be a key component of the PMTE whilst only a core competency will remain in the main account for the acquisition of general goods and services.

In support of this important transformational requirement, the Department analysed key SCM efficiency indicators. The findings have informed extensive business process re-engineering to improve the SCM operations and procurement systems. This merely represents a first step in the adoption of a revised business model to put SCM on a seven year reform path which will align with the transformation milestones of the Department and PMTE. Key milestones of this model will focus on the correction of inefficiencies, the stabilization of operational support and ultimately the standardization, integration and optimization of the SCM business process. This will pave the way to ensure that the entire Public Works sector's SCM functions are fully geared to meet its business requirements better, and more importantly, also promote efficiency gains throughout the sector.

As the Department's core business is the provision of office accommodation to other National Departments, through either leasing or construction to meet their accommodation requirements, the Department's key reform outcome for the reporting period was the design of customised SCM processes for both acquisition through leasing or through construction. In this regard, the Department has been working closely with the National Treasury's Chief Procurement Office as the project lead in Government's SCM reform. These processes/initiatives have been concluded and a customised Leasing Framework has been proposed, whilst work is underway to finalise the customised SCM Framework for Infrastructure Projects.

## **Unsolicited bid proposals**

For the year under review the Department has not concluded any unsolicited bid proposals.

## **SCM processes and systems to prevent irregular expenditure**

As part of the SCM's Stabilization Phase, the successful reengineering of SCM business processes were completed together with the eradication of internal control weaknesses that, historically, gave rise to inordinate levels of irregular expenditure. This was further augmented by a SCM policy update that eliminated any potential ambiguity in the interpretation of SCM practices. SCM is now uniformly implemented across the Department and this has, indeed, contributed positively towards the prevention of new cases of irregular expenditure.

To deal with standardisation across regions, SCM has also institutionalised an SCM Forum where all SCM managers from the regions are able to raise challenges and identify areas of concern that may impact on their operations. At this forum decisive decisions are taken to resolve potential problems, prior to occurring, and thus preventing potential irregular expenditure.

In order to arrest the challenges of irregular expenditure arising within the leasing environment where the prescribed National Treasury SCM prescripts do not provide optimal solutions, the Department has identified the need for a specialised Leasing Policy Framework. This new framework for leasing was developed in conjunction with the National Treasury's Office of the Chief Procurement Officer (OCPO) and will be piloted in the current year. It is intended to eventually have this Policy Framework implemented across the entire Public Works sector.

The proposed approach entails a move away from an open tender process for each lease and to manage leases through the use of select panels of service providers appointed through an open competitive tendering process. Given the relative inflexibility of accommodation already occupied and the unique market circumstances prevailing within the leases

environment, it was considered not to be in the best interest of Government to always go out to the market to choose the cheapest offered lease. When fully implemented, this new Leases Policy Framework will significantly contribute to the prevention of irregular expenditure whilst also promoting efficiencies in daily operations.

## ***Challenges experienced in SCM***

The main challenge remains the finalisation of the Department's proposed structure. This has impacted on the postponement of the establishment of the Demand Management Unit. This will be resolved when the new SCM structure is approved as institutionalisation of the IDIP and the IDMS, within the Demand Management Unit is considered a priority, to ensure enhanced infrastructure delivery.

Notwithstanding the above, there has been a successful drive, in the interim, to apply the existing structure to its maximum, whilst also utilizing the services of contract workers and interns to bolster the operations within SCM. This has, to a certain extent, ameliorated the hitherto inordinate work overloads of staff that was in place.

An appropriate step to strengthen the Document Management System, which has been challenging over the years, has been taken. The Department is presently rolling out a new File Plan which will ensure that a more robust system is in place to manage documentation, necessary to promote integrity of auditable information.

## ***Future SCM Plans: The Batch Tendering Process***

As a designated pilot site for procurement reform, the Department is exploring a switch to a Batch Tendering System for delivering of infrastructure. This switch will align to Government's IDMS which is a system that delivers capital works and maintenance. The batch tendering process will see the grouping of tenders during their different phases of procurement in a financial year. The adverts for tenders and their closing periods will be consolidated during a particular quarter, after which the evaluation of tenders will take place in the next quarter, and thereafter all tenders will be awarded during the last quarter for construction to commence in the next financial year.

This process will ensure that funds committed will be expended as planned. Client Departments will be able to plan better for infrastructure requirements and the industry will be better positioned to respond to tenders. Infrastructure delivery will therefore align to Client Departments' budget allocations and this will promote fiscal prudence and alleviate the challenge of consistent under-expenditure and the return of funds to the National Treasury.

## ***Prestige Portfolio***

Recognizing the challenges of managing the Prestige Portfolio, due to its peculiar operational and security implications, changes were implemented to eradicate unnecessary delays in response times to operational demands. The Department has embarked on a process of implementing a number of term contracts for different categories of items, identified as common or unique to Prestige.

These term contracts will operate on the same principles as National Treasury's transversal contracts. This will allow for the direct placement of orders with pre-selected/shortlisted service providers to alleviate the problem of extended procurement lead times and delivery.

## Use of standardized specifications

The DPW has commenced with the development and implementation of a Framework and Reviewed Process Design for Specifications. This Framework and related process design will see considerable improvements in support of operational efficiency and in particular the turnaround times for the delivery on stated needs. The following improvements will be incorporated into the Framework:

- Standard specifications will be developed and maintained, for those commodity types that appear in the annual procurement plan. The result is that suppliers get clear specifications and DPW, in turn gets the required quality of goods and services. The other benefit to DPW will be that, once a catalogue of standard specifications have been developed, the specifications will be standardised and can be re-used by business, thereby cutting down on the time it takes to procure goods and services.
- Independent and objective Bid Specifications Committee's (BSCs) will be established that will be responsible for the development and, thereafter, maintenance of standard specifications;
- For all regional procurement the appropriate specifications will be selected from the standards drafted by Head Office. Where amendments are required, these amendments will be drafted in regions and presented to the central BSC for approval. These may be incorporated into the standard specification templates, if appropriate;
- SCM will be responsible to monitoring the availability of standard specifications, the development or selection of specifications and for the monitoring of compliance to the specified standard operating procedures.

## Gifts and donations received from non-related parties

The Department received the following donations or gifts from non-related parties in the year under review.

**Table 7: Donations or gifts received**

The donations or gifts received	Rand value 'R000
41 Laptops.	R410
Transportation of officials attending a funeral.	R9
Accessories for the sports tournament.	R35

## Exemptions and deviations received from National Treasury

### • Billing of State-Owned Accommodation

As reported in the previous financial year, the PMTE has historically been billing Client Departments on the basis of budgets devolved to them in 2006 which have been escalated at a rate agreed to by National Treasury. This was contrary to sound accounting practice where details of accommodation occupied should ideally be disclosed to clients in order for them to verify the correctness of all information before making payments.

Because the PMTE did not have a billing and accounting system in place to make this possible, the National Treasury granted exemption for the introduction of detailed billing to clients which exemption would be in force

up to 31 March 2014. Due to technical delays experienced with the customisation of the software for the billing and accounting system, the mentioned implementation date could not be achieved. National Treasury therefore considered the progress made and the prevailing circumstances and extended the initial approval of this deviation until 31 March 2015. The mentioned customisation is now proceeding according to plan and will be implemented in time for the next reporting period.

- **Special dispensation on procurement of leasing**

During the previous reporting period the National Treasury granted exemption for the PMTE not to go out on open tender for the renewal of certain leases that had expired. This was done on the grounds of the best interest of the State where the cheapest rates, resulting from a bidding process would not take into account a range of secondary or indirect costs associated with a relocation of clients.

Acknowledgement of the continuation of this reality also supported the development of a specialised procurement dispensation, in consultation with the OCPO of the National Treasury, as reported on under the heading "SCM processes and systems to prevent irregular expenditure" As this new dispensation has not yet been approved and was not fully functional, it was necessary to extend the special dispensation granted, in the previous financial year, in order not to impact negatively on lease agreements which had also expired in the meantime. The National Treasury, therefore granted approval to extend this dispensation to a further 1608 leases during this reporting period. The conditions for this extended dispensation are fundamentally the same as for the initial deviation granted

In conclusion, the Department will be moving into the Second Phase of the Turnaround, i.e. the Efficiency Enhancement Phase (2015/16 to 2017/18), to fast track efficiencies within the PMTE and the Department. In this Phase, seven (7) key areas have been identified as the major drivers of Phase 2, and include:

- Service Delivery Model;
- Fraud and corruption eradication;
- Change management;
- Organisational structure review and implementation;
- SCM model;
- Clean audit – Finance stability; and
- ICT.

Projects will be funded from funding mechanisms within the PMTE for a period of three (3) years. The bulk of the projects are specific to areas within the PMTE where improvement in service delivery is critical to the overall Turnaround Strategy. The preparation of an Efficiency Enhancement Business Case and the comprehensive Turnaround Plan is currently being prepared. The Department will continue to rebuild a credible Asset Register, resuscitate workshops, meet the needs of Client Departments and manage the Prestige Portfolio and put appropriate measures into place to manage State accommodation. All these will be managed in a manner that allows for the transition towards sustainability and the growth of the Department.

## **Statement of Responsibility and Confirmation of the Accuracy of 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 is 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 5) 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 in 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 2015.

Yours faithfully



**Mr Mziwonke Dlabantu**

*Director-General*

## Strategic Overview

A service oriented Public Works Department delivering value and contributing to the National agenda for social and economic development.

### Mission

Our vision will be achieved through our mission of driving a professional, innovative and integrated Department by:

- Providing quality accommodation and related services to our clients;
- Efficiently and effectively managing the immovable assets in our custodianship;
- Actively contributing to the national goals of job creation and poverty alleviation through the Expanded Public Works Programme;
- Providing expert built-environment advice to our stakeholders; and
- Providing strategic leadership to the South African Construction and Property industries

### Values

Our mission is underpinned by the following values:

- **Integrity** – Consistently honouring our commitments, upholding ethical behaviour and transparent communication.
- **Professionalism** – Treating our stakeholders with respect and reliably delivering against expectations.
- **Teamwork** – Respecting diversity while sharing a common purpose and working effectively across the entire Department.
- **Innovation** – Tirelessly seeking opportunities for service delivery improvement.

### Strategic goals

In executing its mandate, the Department identified five strategic outcome-orientated goals that define its direct service delivery responsibilities. These strategic goals, as set out in the Strategic Plan, which are linked to the mission, are:

**Strategic Goal 1:** An efficient, competitive and responsive accommodation infrastructure Network.

**Strategic Goal 2:** Strategic leadership and regulation of the construction and property sectors to promote economic empowerment and skills development.

**Strategic Goal 3:** Good corporate governance to support effective and efficient service delivery.

**Strategic Goal 4:** Decent employment through inclusive economic growth.

**Strategic Goal 5:** Contribute towards comprehensive rural development.

## Legislative Mandate and other Mandates

### Constitutional Mandate

The Constitutional Mandate for the Department is provided in Schedule 4, Part 4, of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) [Constitution] which makes reference to “Functional Areas of Concurrent National and Provincial Legislative Competence.” In executing its mandate, the Department also has to observe the principles of good cooperative governance and intergovernmental relations, as provided for in Section 41 of the Constitution.

### Legislative Mandates

The Legislative Mandates of the Department are underpinned by the following Acts:

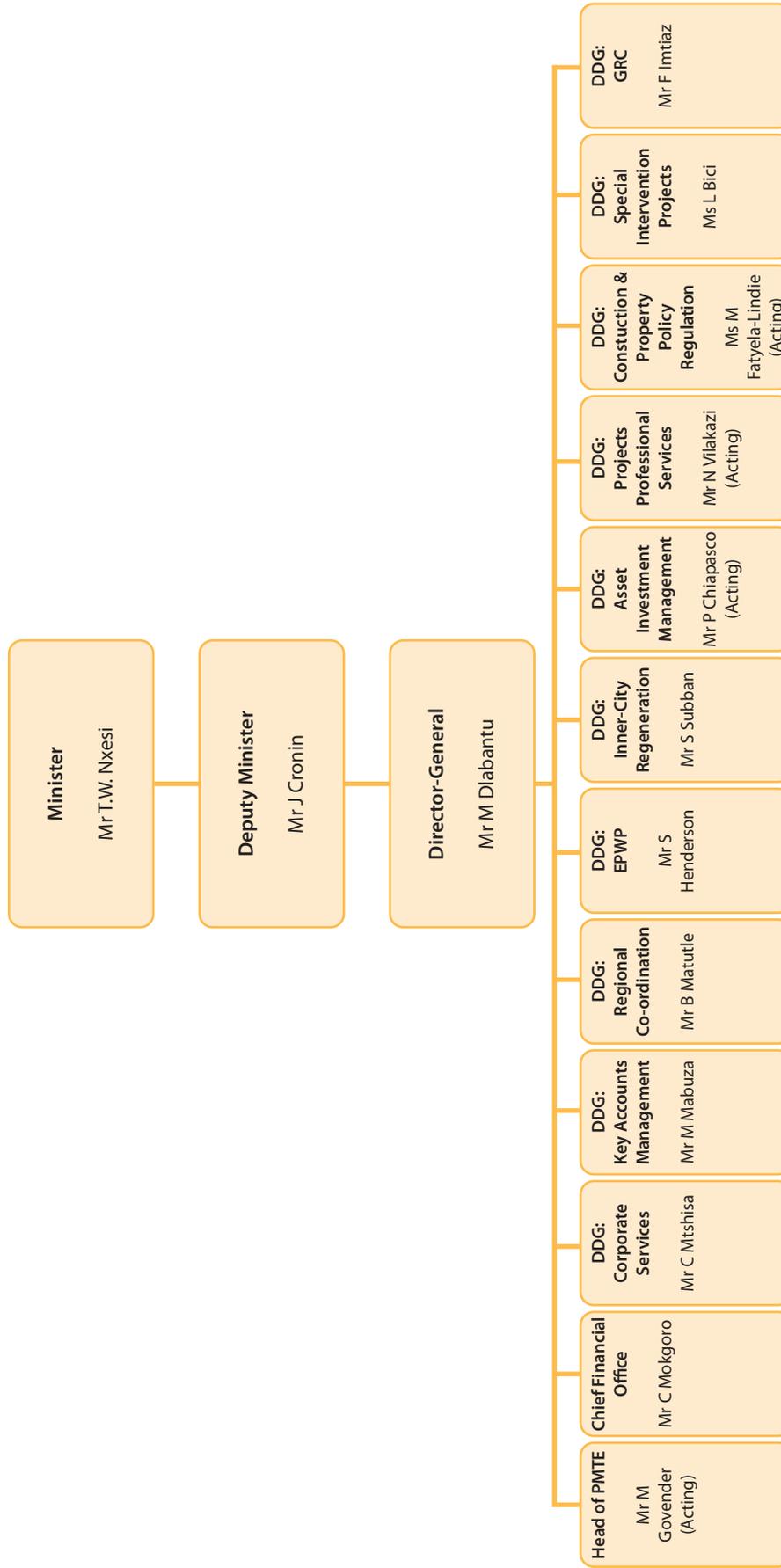
- The Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007), aims to ensure competent immovable asset management in National and Provincial Government in order to improve service delivery;
- The Construction Industry Development Board Act, 2000 (Act No. 38 of 2000), provides for the establishment of the Construction Industry Development Board (cidb), for the implementation of an integrated strategy for the reconstruction, growth and development of the construction industry and other matters connected thereto;
- The Council for the Built Environment Act, 2000 (Act No. 43 of 2000) makes provision for the establishment of a juristic person known as the Council for the Built Environment, the composition, functions, powers, assets, rights, duties and financing of that Council and for matters connected thereto;
- The Professional Council Acts regulate the six Built Environment Professions (BEPs) to organise the built environment professions to serve the imperatives of Government, including transformation, public protection, good governance, etc.;
- The Public Finance Management Act, 1999 (Act No. 1 of 1999) promotes the objective of good financial management to maximise service delivery through the proficient use of the limited resources; and
- Other Acts listed in Annexure A.

### Policy Mandates

The Department's policy mandates pertain to the following:

- Department White Paper: Public Works, Towards the 21st Century (1997) [White Paper(1997)]
- Department White Paper: Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, 1999 [White Paper (1999)]
- Construction Sector Transformation Charter, 2006 (Charter 2006):
- Property Sector Transformation Charter, 2007 (Charter 2007)
- Department Broad-based Black Economic Empowerment Strategy, 2006
- Property Management Strategy on BBBEE, Job Creation and Poverty Alleviation, 2007 (PMS BBBEE 2007):
- Green Building Framework, 2001.

## Organisational Structure



# I.6 Entities Reporting to the Minister

## The four main Entities of the Department

The Department has four entities reporting to the minister. Each entity has a specific mandate and carries out operations in relation to the Department's core mandate. The table below details the specific nature of each entity.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
<p>Council for the Built Environment (CBE)</p>	<p>The CBE executes its mandate derived from the CBE Act 43 of 2000. The scope of the CBE and Professional Councils in the built environment value chain is to regulate those built environment professionals who conceptualise, design, build, maintain and transfer social and economic infrastructure.</p>	<p>The CBE is fully funded from the National Revenue Fund. This is channelled via the Ministry of Public Works.</p>	<p>Service (knowledge support to decision makers).</p> <p>The Built Environment Professions, as defined by the Council for the Built Environment (CBE) includes architects, engineers, landscape architects, project and construction managers.</p> <p>Property valuers and quantity surveyors. These professionals :</p> <ul style="list-style-type: none"> <li>• Play an indispensable role in the production of the Built Environment;</li> <li>• are crucial to the industry's ability to deliver infrastructure - they are required to provide imaginative thinking</li> <li>• are at the cutting edge of technology, they exercise strategic managerial skills, and are skilled craftsmen who conceptualize and manage the delivery of the physical infrastructure that is fundamental to the development of the community they serve.</li> </ul> <p>Professionals are acknowledged for their ability to add real value through the devising of physical solutions in response to their briefs, by maximizing the potential of the site, and overcoming planning and other constraints.</p> <p>Construction industry participants exercise a significant influence on the lives of their customers, which include current users, those who pass by their buildings, and those users yet to be born. They therefore must ensure that they deliver physical infrastructure that is responsive to their customers' needs</p>

Name of entity	Legislative mandate	Financial relationship	Nature of operations
Construction Industry Development Board (cidb)	Provide strategic leadership to construction industry stakeholders to stimulate sustainable growth, reform and improvement of the construction sector.	Transfer payment	<p>Enhancing the transformation of the industry through regulation amendments, support to clients/ officials on procurement practice notes, capacitation and frameworks aimed at reforming procurement practices and stimulating development and empowerment of emerging contractors.</p> <p>Hosting the National Stakeholder Forum meeting annually to advise the Minister on matters affecting the development of the construction industry.</p>
	Promote sustainable growth of the construction industry and the participation of the emerging sector in the industry;		<p>Monitoring and evaluating the implementation of the National Contractor Development Programme (NCDP), inclusive of CDP guidelines, which is a public sector led programme comprising of a partnership between the cidb, National and Provincial Public Works and other willing stakeholders and partners.</p> <p>The objective of the NCDP is to increase the capacity, equity ownership, sustainability, quality and performance of cidb registered contractors.</p> <p>Development and implementation of the Best Practice Project Assessment Scheme to promote the performance of public and private sector clients in the development of the construction industry, including the cidb Standard for Indirect Targeting for Enterprise Development and the cidb Standard for Developing Skills through Infrastructure Contracts.</p>
	Determine, establish and promote improved performance and best practice of public and private sector clients, contractors and other participants in the construction delivery process.		<p>Establishment and implementation of the Best Practice Contractor Recognition System which enables organs of state to manage risk on complex contracting strategies; and promotes contractor development in relation to best practice standards and guidelines developed by cidb. Improving the performance and best practice for an industry that delivers reliable value to clients, and other stakeholders, information on construction industry indicators to inform cidb strategy, policy makers and stakeholders.</p>

Name of entity	Legislative mandate	Financial relationship	Nature of operations
	<p>Promote uniform application of policy throughout all spheres of government and promote uniform and ethical standards, construction procurement reform, and improved procurement and delivery management – including the Construction Code of Conduct.</p>		<p>Development and implementation of the Standard for Uniformity in Construction Procurement which is aimed at bringing about standardisation and uniformity in construction procurement documentation, practices and procedures.</p> <p>The cidb is a strategic partner to the Infrastructure Delivery Improvement Programme (IDIP) and has the responsibility to maintain and promote the toolkit as the enabler to the institutionalisation of the best practice methodology.</p> <p>It's supporting Department and client departments and infrastructure delivery officials in procurement practices aiming at balancing delivery and empowerment.</p> <p>Periodic training and capacitation workshops are conducted at no cost to public sector institutions, to improve their compliance to the cidb regulatory environment.</p> <p>Constantly monitoring the Code of Conduct for all Parties Engaged in Construction Procurement to guide and regulate the behaviour of parties engaged in construction-related procurement.</p> <p>The cidb has developed a Compliance Strategy that responds to the allegations of transgressions to the cidb Code of Conduct.</p> <p>Cases of transgressions are investigated and sanctions that are imposed on guilty parties are published on the cidb website and the government gazette.</p>

Name of entity	Legislative mandate	Financial relationship	Nature of operations
	<p>Develop systematic methods for monitoring and regulating the performance of the industry and its stakeholders, including the Registration of Projects and Contractors.</p>	<p>Grading and Categorisation of contractors on the national Register of Contractors. The Register of Contractors serves as a macro risk management tool for the public sector and as a framework for contractor development. The Register reflects the nature, size and geographic distribution of contractors and therefore the country's capacity to meet construction demand. The Register of Contractors forms the basis for the establishment of the best practice contractor recognition scheme.</p> <p>Establishment of the iTender system and the national Register of Projects. The Register of Projects reflects the nature, size and geographic distribution of projects. The Register of Projects forms the basis for the establishment of the best practice project assessment scheme designed to drive performance improvement.</p> <p>Establish an implement the Register of Professional Service Providers that will support risk management in the tendering process; reduce the administrative burden associated with the award of professional services contracts.</p> <p>To monitor and evaluate, on a quarterly basis, key indicators of the construction industry, including:</p> <ul style="list-style-type: none"> <li>• client and contractor perceptions;</li> <li>• construction spend, business and economic conditions;</li> <li>• contractor development and transformation.</li> </ul>	

Name of entity	Legislative mandate	Financial relationship	Nature of operations
<p>Independent Development Trust (IDT)</p>	<p>The IDT is a Schedule 2 public entity under the ambit of the national Department of Public Works. The entity serves as the Department's vehicle for construction programme and project management. The mandate of the IDT is provided through a Deed of Trust whose spirit and purpose is confirmed and guided through the annual review and contracting via the Shareholder Compact entered into and between the Executive Authority, the Minister for Public Works and the Board of Trustees for the IDT.</p>	<p>As part of efforts to facilitate medium term financial viability of the Organisation, the IDT received R50 million from National Treasury through the Department of Public Works. This was part of the R200 million allocated to the entity over 3 years, with the last R50 million tranche received at the beginning of the 2015/16 financial year.</p>	<p>Primarily, programme and project management.</p> <p>The IDT also provides integrated development services encompassing the mainstreaming of social facilitation in programme management, including management of social development programmes (which constitute approximately 5% of the total annual portfolio).</p>
<p>Agrément South Africa</p>	<p>Agrément South Africa shall support and promote the process of integrated socio-economic development in South Africa as it relates to the construction industry by facilitating the introduction, application and utilisation of satisfactory innovation and technology development, in a manner which will add value to the process and by so doing enhance Agrément South Africa's position as the internationally acknowledged, objective South African centre for the assessment and certification of non- standardised construction products.</p>	<p>Agrément South Africa receives an annual grant from the Department of Public Works from its goods and services budget to cover the running costs and overheads of Agrément South Africa. This is in recognition of the fact that the assessment and certification process is expensive, and that it is Government policy to promote the use of innovative technology in the construction industry, a significant part of the total cost of the service will be borne by the State via suitable funding from public funds to administer and finance the operation of the Board.</p>	<p>South African centre for the assessment and certification of innovative non-standardised construction products, systems, materials, components and processes, which are not fully covered by a South African Bureau of Standards or code of practice.</p> <p>Innovative construction systems are assessed in accordance with Agrément South Africa approved criteria which could include the following aspects of assessment.</p> <ul style="list-style-type: none"> <li>• structural strength &amp; stability</li> <li>• water penetration and rising damp</li> <li>• thermal &amp; energy performance</li> <li>• performance in fire</li> <li>• quality management system</li> <li>• National Building Regulations</li> <li>• condensation</li> <li>• acoustic performance</li> <li>• accuracy in building</li> <li>• durability</li> </ul>

Name of entity	Legislative mandate	Financial relationship	Nature of operations
	<p>Agreement South Africa shall do this inter alia by providing assurance of fitness-for-purpose of such technologies which optimise resource utilisation and realise cost saving in industry.</p> <p>In assessing fitness-for-purpose, a holistic view must be taken which includes technical, commercial and social factors, via economic viability, cost benefit and consumer acceptability.</p>		<p>Successful certification of innovative construction technologies for which there are no national standards. Technical conduit to new and improved standardized building materials.</p> <ul style="list-style-type: none"> <li>• Improved performance of infrastructure due to advancements in products &amp; building systems</li> <li>• Leads to improvement of existing products</li> <li>• Leads to doing more with less</li> <li>• Helps delivery of infrastructure at a faster &amp; cheaper rate</li> <li>• contribute to accelerated infrastructure development</li> <li>• Reassurance of fitness of purpose</li> <li>• Authoritative assessment of system performance</li> <li>• Can effectively address the housing backlog</li> </ul>

## **The Property Management Trading Entity (PMTE)**

### **The PMTE's Mandate**

By virtue of the devolution of the roles and responsibilities from the Department to the PMTE, the PMTE's mandate is, as a consequence, shaped by the legislative and other mandates which direct the Department's functions, as are detailed in Section 1.6 above.

### **Vision**

The vision articulated for the PMTE was to ring-fence, better manage, maintain and optimally utilise the massive State Property Portfolio to build value and to bring savings to the State, as well as other socio-economic benefits, particularly job creation and empowerment, whilst improving service to Client Departments.

### **Focus areas for the PMTE**

The key focus areas that have been identified for the PMTE are:

- Reducing the cost of doing business and the optimisation of state assets that fall under the custodianship of the Minister;
- Decreasing the number of leased-in properties depending on the availability and appropriateness of current and new State stock which will address user-needs. This will also be informed by the respective contracting arrangements;
- Prioritising the development of functional assets as opposed to assets to be used as residences or offices;
- Shifting the responsibility for conducting basic maintenance to the client departments while the PMTE will focus on capital injection to refurbish buildings to extend their life and use. The PMTE will, through the reactivation of the Facilities Management Services Centre (Workshops Project), continue to provide basic maintenance services only to specific users and pilot projects; and
- Facilitating procurement engagements and conducting aggregation of potential suppliers, based on User-Department's basic facilities management needs.

## **PMTE Progress and Achievements**

### **Ministerial Commitments / Budget Vote**

In the 2014 Budget Vote, the Minister outlined achievements attained in stabilising the Department and he identified the operationalisation of the PMTE as one of the his five key priorities for the period of this Administration (2014-2019) and the Efficiency Enhancement phase of the Turnaround. To this extent the following priorities were articulated for 2014/15 and their current status is as follows:

PRIORITY	STATUS
At a strategic level, to advertise and head-hunt property professionals from the private sector to be employed on performance based contracts.	Top Tier Job Descriptions and remuneration benchmarking were conducted Consultations with Labour in process An Acting Head of the PMTE and key property management specialists were appointed as a transitional arrangement to drive the operationalization of the PMTE.
To consolidate the improvements in the lease environment.	As at April 2015, 1455 (92%) out of 1566 leases were renewed with a fixed 5.5% escalation rate resulting in an estimated annual saving of R33 million or an estimated 3 year saving of R99 million.
To improve the maintenance and security of state assets through the National Infrastructure Maintenance Strategy (NIMS), to establish best practice and norms and standards for maintenance of state assets.	Maintenance standards, guidelines, and accounting framework were developed and is currently going through approval process Anticipated finalization by 2nd quarter (July 2015).
To progressively reduce leasing-in, in favour of rehabilitating our own stock for occupation by Government. (Currently 2,700 buildings are leased-in at a cost of R3.2 billion).	The PMTE 5 Year Strategy & Annual Performance Plan for 2015/16 was developed and articulates clear targets on each of these issues. Both these Plans have been tabled in Parliament Engagement with the private sector, inter alia JCCI (Property Developers Cluster) has commenced to examine opportunities and develop engagement frameworks
To work with emerging black estate agents to market our unutilized stock and to manage the leases.	
To seek public-public partnerships with other entities already working in the property management space to develop state assets.	

As the PMTE account constitutes approximately 75% of the work and budget of Department and represents the largest property portfolio in South Africa, it is clear, that the successful operationalisation of the PMTE has necessitated a fundamental shift in the way we do business. In this regard, an interdisciplinary approach has been adopted in the development of the new PMTE 5-Year Strategic Plan and Annual Performance Plan, where greater synergies now exist between the Department's traditional property and asset management functions. Projecting demand, by establishing client needs over the planning period is at the centre of the new PMTE Strategy and plans. The Department has found it difficult to manage this area of work and a new "hands-on" approach in demand management has been adopted. This will ensure effective delivery on the Public Works' mandate of accommodation provision to Government and of acting as the custodian for the State's immovable assets that fall under the Minister's custodianship.

## Operationalization of PMTE

The following aspects were achieved during the reporting period, in line with the 2006 National Treasury approval:

- An Acting Head of the PMTE and key Property Management Specialists have been appointed, as a transitional arrangement, to drive the full operationalization of the PMTE;
- The functions and immovable assets have been transferred from the Department to the PMTE;
- The Draft PMTE structure is being developed with DPSA and the recruitment of the PMTE executive management on Performance based contracts, is under way pending approval; – please check.
- The PMTE budget Programme Structure was developed with National Treasury and accordingly approved;
- The PMTE's Five-Year Strategic Plan and Annual Performance Plan have been developed in consultation with DPME, National Treasury, DPSA and the OPSC and were tabled in Parliament in March 2015;
- GRAP compliant financial management systems and controls were developed and implemented and GRAP compliant Accounting & Itemised billing system has been procured

- PMTE Account maintained a qualified opinion with reduced findings. The PMTE business model has been revised to address the AG's issues. The PMTE business model has been revised to address the AG's issues;
- A Business Case for establishing the PMTE as a Government Component, has been developed and was endorsed by Cabinet in August 2014;
- The review of 2,162 office leases was completed and physical verification of the occupancy and size was carried out on 2,143 leased buildings. National Treasury approved the Department's dispensation on the Renewal for Leases, that have expired;
- As at April 2015, 1455 (92%) out of 1566 leases have been renewed with a fixed 5.5% escalation rate resulting in an estimated annual saving of R33 million or an estimated 3 year saving of R99 million.
- 112 "unoccupied but paid for" leased properties have been investigated, 41 cases have been resolved and 71 handed over to the Special Investigation Unit (SIU) for forensic investigation. Of the 29 "Occupied by other but paid for" properties, 6 have been resolved and the remainder referred for forensic investigation.

## The PMTE's Operating Model

### Problem statement

The State's property portfolio has been underutilised and neglected, leaving numerous properties vacant, and susceptible to theft, vandalism, vagrants and illegal occupation. The condition of some buildings is still poor and, in many cases, does not enable its User Departments to fulfil their service delivery mandates. This has led to a disproportionate use of leased-in accommodation, thus leading to excessive costs to the State.

The PMTE is however, still faced with the challenge of attracting and retaining the skills necessary to professionalise our property business and also to address the high infrastructure backlog and the inability to deliver within time, cost and quality. This has been exacerbated by insufficient professional capacity and skills.

Rationale for the creation of the PMTE

The creation of the PMTE was mainly due to the need to separate the Regulatory and Policy, quality norms and standard setting and monitoring functions of the Department from the service delivery functions of the PMTE. The PMTE, which now holds approximately 75% of the functions and budget of the Department, will undertake the Immovable Asset Management functions across the asset lifecycles, to ensure that optimal value for money is gained, as will be reflected in a better rate of return on investment in the public estate and which will be closer to market-related value. The PMTE will be a client-centric and revenue-focused entity that will ensure lower service delivery costs while ensuring sustainability and growth.

Central to the modus operandi for the PMTE is, good governance, a ring-fenced budget, a professionally managed and an optimally utilised State Property Portfolio which will build value and bring savings to the State.

## The PMTE Model

While the PMTE was anticipated to adopt a best practice approach to conducting its business, it is important to note that a State Property Management Entity has different priorities to its private sector equivalent, as its ethos must go beyond just business efficiency to achieve maximum profit. A State entity must, of necessity, use the State Property Portfolio to catalyse integrated urban development, to assimilate the labour-intensive approaches in the maintenance of the portfolio and to actively pursue green retro-fitting and accessibility. Emanating from the formation of the PMTE, it was therefore anticipated that other socio-economic benefits will accrue, including job creation, empowerment and improved service to user departments.

In order to achieve optimum outcomes in the provision of accommodation and managing the State asset life cycle, an interdisciplinary approach, where greater synergies exist between the Department's traditional property and asset management functions, have been adopted. The core business of the PMTE consists of three focussed operational divisions, with two interlinking special service divisions that will collectively realise its asset management goals, as is illustrated below.

As illustrated below, the three core business divisions in the PMTE are Real Estate Investment Management, Real Estate Management, and Facilities Management. Real Estate Information & Registry Services and Construction Project Management will function as two independent divisions interlinked with Real Estate Investment Management. These operational divisions have been established to support optimal business and administrative processes which will ensure professional methodologies in managing and optimising the State's asset portfolio.

**Illustration 2: Business divisions of the PMTE**



**Focussed operational divisions for the PMTE**

Projecting demand by establishing client needs over the planning period is at the centre of the PMTE Strategy and as a result the new "hands-on" approach in developing User Asset Management Plans (U-AMP) has been adopted by the PMTE. In this regard, once completed, the Real Estate Asset Register will be utilized to support the processes to align the accommodation owned by the State, establishing client needs, predicting demand and then providing accommodation that is fit for purpose. As per the newly developed Business Model, priority has been given to establishing a robust Client Liaison and Servicing Model with a client-centric approach where expert teams will provide onsite technical support to client Departments primarily to streamline the U-AMP/C-AMP processes.

From an asset investment perspective, the broader property market and the performance of the PMTE portfolio will continually be analysed, with the view to maintaining and enhancing value and leveraging this for economic development and job creation.

The steps for the successful operationalisation of the PMTE are to be undertaken in three (3) phases. It is noted that during the Stabilization and Transitional Phases, the PMTE will account to the Director-General and then to the Minister during the Sustainability and Growth Phases.

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# CHAPTER 2

## PERFORMANCE INFORMATION

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## 2.1 OVERVIEW OF DEPARTMENTAL PERFORMANCE

### *Service Delivery Environment*

The Department exists in a construction and property environment. External factors such as input costs for construction materials, labour unrest related to wage pay, anti-competitive practices, exchange and interest rates fluctuations, property rates and transformational issues. These factors shape the approach to how the Department conducts its business with other Government Departments, entities, stakeholders and suppliers, in relation to its core mandate, i.e. construction and property. Changes to these factors, driven and influenced by economic, social or political factors tend to affect the nature of the Department's core business. This is evidenced by market rental changes due to forces of demand and supply in the property sector which have an impact on the determination of rental space (occupancy rate) and the cost per square meter, when compared to the need for accommodation for Client Departments.

Additionally, anti-competitive practices including collusion and bid rigging in the construction arena of the built-environment, such as the example which occurred during the construction of stadia for the 2010 World Cup, allow for robust engagement in determining Regulatory and Policy initiatives to avert such practices. Further, anti-competitive practices tend to disturb the markets and erode any empowerment initiatives by Government.

The built environment is a highly professionalised environment and therefore requires skilled expertise in construction, architectural work and quantity surveying. These skills are scarce and are therefore expensive. The cost of professional services and consultancy also has an impact on the appointment of professionals to complement the Departmental capacity. All these factors have an impact on the Programmes of the Department, particularly those that require expertise in Project Design, Spatial Planning and Project Management.

The core Programmes of the Department are located in Programmes 2, 3 and 4. Programme 2 deals with the Immovable Asset Management including Projects; Programme 3 is positioned to undertake the EPWP while Property and Construction Industry Policy Regulation reside in Programme 4. These Programmes also have to meet certain socio-economic aspects such as contribution to alleviating poverty, the creation of employment, addressing inequality and transformation through regulation and empowerment. Given the current situation in the country, these socio-economic aspects are at the centre of nation building. In this regard, the EPWP plays an important role in ensuring that these socio-economic aspects are met through the creation of work opportunities in the construction and facilities management sectors.

The Programmes have been structured to respond to the external environmental factors, as well as to Phase I of the Turnaround Strategy. One of the critical issues identified in the Turnaround Strategy was the development of the Service Delivery Model in the Key Accounts Management Sub-Programme, Projects and Facilities Management

### **Organisational Environment**

The 2013/14 financial year saw stabilisation in the leadership and management levels, improved policies and procedures, enhanced governance structures, the determination of ITC requirements and improved financial and internal controls. The period under review saw further improvements to Phase I and, already, some of the Phase 2 initiatives are in progress. One of the fundamental initiatives of the Department has been the finalisation of the organisational structure; however,

some operations could not be carried out owing to high vacancy rates. Given the evolving nature of the Department's core business and the urgent need to respond to the ever-changing market demand and supply forces, as well as regulatory issues, the structure had to be revisited to give effect to these changes. In areas where additional capacity was needed, arrangements were made to improve operations. This also included upscaling the internships and learnerships with the aim of absorbing them in the Department.

The inability to deliver fully on the core mandate of the Department may have also been a result of inadequate and disjointed business process model. The Efficiency Enhancement or Phase 2 of the Turnaround Strategy, which is incrementally being implemented, will bring about a more efficient and operative business process model for the Department. This will assist in those instances where a number of Client Departments have shown dissatisfaction in the provision of State accommodation, incomplete and prolonged completion of infrastructural projects and ITC reporting mechanism in the EPWP space. These areas are now being addressed. For example, the application of the Infrastructure Delivery Management System (IDMS) will now provide best practice in structuring the value chain of delivering infrastructure projects. This will entail a structured interaction of the delivering units in a seamless approach.

### **Service Delivery Improvement Plan (SDIP)**

The Department commenced with the development of the Service Delivery Improvement programme during the year and has set stringent targets for service delivery improvement over the medium term. The areas initially selected for improvement are construction management and leasing-in. The development of the SDIP will be followed by the development of Service Delivery and Business Operating Models for all key services of the department. These developments are a response to challenges faced by the department in the delivery of quality services. This has been affected by an inability in most cases to map services provided to ensure effective and efficient delivery; the non-existence of service delivery models putting forward on how the department will address its mandate, and a lack of standard operating procedures in the Department. The Service Delivery Improvement Process, initiated during the course of the year, under review, addresses these deficiencies and institutionalizes service delivery improvement to ensure that it was sustainable and continuous. The full implementation of the SDIP through a life cycle management process, as proposed by DPSA, will therefore enable the Department to be more efficient and responsive to User Departments' needs, and reduce opportunities for corruption and wasteful and fruitless expenditure, and with clear lines of responsibility and accountability. The Department commenced with the development of the Service Delivery Improvement Programme during the year and has set stringent targets for service delivery improvement over the medium term. The areas initially selected for improvement have been construction management and leasing-in. The development of the SDIP will be followed by the development of Service Delivery and Business Operating Models for all key services of the Department. These developments are a response to challenges faced by the Department in the delivery of quality services. This has been affected by an inability in most cases to map services provided to ensure effective and efficient delivery; the non-existence of service delivery models which indicate how the Department will address its mandate and a lack of standard operating procedures in the Department. The Service Delivery Improvement Process, initiated during the year addressed these deficiencies and institutionalised service delivery improvement to ensure that it is sustainable and continuous.

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

The Department's roles and responsibilities are determined by a range of legislative and other mandates, as described here under.

## Legislation

During the reporting period, the Minister introduced two legislative measures in Parliament. These include:

- a) The Agrément South Africa Bill, 2015 [B3-2015] which is intended to establish the current Agrément South Africa Board as a juristic person. This will enable the institution to sue and to be sued in its name, to perform legal acts in its name as well as account for its finances in terms of the Public Finance Management Act, 1999.
- b) The Expropriation Bill, 2015 [B4-2015] which seeks to provide a common framework for the expropriation of property by organs of state. The Bill does not seek to interfere with existing powers of expropriation conferred by specific legislation. This Bill, when passed into law, will ensure that expropriating authorities observe the values and provisions of the Constitution, 1996 when they acquire property through expropriation.

## Approved Policy Frameworks

The following seven policy frameworks were approved by the Minister:

- a) Accreditation of Built Environment Programmes
  - ensures that built environment programmes conform to the requirements of the Higher Education Qualifications Framework (HEQSF). It also expounds the principles that underpin the accreditation of Built Environment Programmes by the professional councils.
- b) Professional Registration
  - enhances public protection and the integrity of professions by ensuring that only suitably qualified and competent professionals practice in the built environment.
- c) International Agreement
  - ensures that agreements entered into, take due consideration of their implications for the profession and for other professions in the built environment, as well as the Government policies and existing international agreements.
- d) Code of conduct for Built Environment Professionals
  - promotes the highest standards of ethical and professional conduct by built environment professionals to protect the interest of profession, clients and the public.
- e) The Recognition of New Professions
  - provides guidance on the incorporation of existing statutory professions within the legislative ambit of the CBE, as well as recognition of new professions by Professional Councils.
- f) Appeals and Tribunals
  - ensures the alignment of procedures within the Built Environment Professional Councils to safeguard adherence to the legislative requirements.
- g) Competency standards for professionals
  - guides professional councils in determining the competence of registered persons by ensuring that the required and expected competency levels and criteria are clear, transparent and easily understood by people intending to register.

## Guidelines and Regulations

The development of the following was facilitated:

- Immovable Asset Life-Cycle Management Guidelines;
- Immovable Asset Condition Assessment Guidelines;

- Immovable Asset Register Guideline;
- Gazetting of Final Regulations amendments to the Register of Contractors; and
- Draft Regulation amendments for Prompt Payment Regulations approved for gazetting for public comments.

## Partnerships with the Department's Public Entities

The formalization of the partnerships with the Public Entities was established by way of the following:

- Memorandum of Understanding with IDT (Strategic partnerships on projects).
- Memorandum of understanding with cidb (Strategic partnerships on projects).

## Charter Councils

Memoranda of Understanding were concluded with the Construction and Property Sector Charter Councils. In this regard,

- The Department is providing funding support to the Property and Construction Sector Charter Councils. Both Councils are in the process of the realignment of the sector codes to the amended BBEEE Codes of Good Practice.

## Strategic Outcome Oriented Goals

### 1. Programme 1: Administration

**Purpose:** Provide strategic leadership and support services, including the accommodation and overall management of the Department.

**Sub-programmes:** Ministry; Management; Corporate Services and Office Accommodation

#### Strategic Objectives:

- Promote sound corporate governance practices within DEPARTMENT.
- Ensure effective and sound financial resource management.
- Ensure effective corporate resource management.

### 2. Programme 2: Immovable Asset Management

**Purpose:** Provide and manage Government's immovable property portfolio in support of Government's social, economic, functional and political objectives.

**Sub-programmes:** Infrastructure (Public Works); Strategic Asset Investment Analysis; Special Projects; Operation Management; Prestige Management; Property Management; Augmentation of the PMTE; Construction Industry Development Board; Council for the Built Environment; Parliamentary Villages Management Board; Independent Development Trust

#### Strategic Objectives:

- Effective life cycle asset management of immovable assets under the custodianship of the Department.
- Improved land administration and spatial planning for integrated development in urban and rural areas.

### 3. Programme 3: Expanded Public Works Programme

**Purpose:** To provide work opportunities and income support to poor and unemployed people through the labour-intensive delivery of public and community assets and services, thereby contributing to development.

**Sub-programmes:** Expanded Public Works Programme; Performance-Based Incentive Allocations

**Strategic Objective(s):** Coordinate, monitor and evaluate the creation of work opportunities and income support to the poor and unemployed, so as to contribute to the national goal of job creation and poverty alleviation.

### 4. Programme 4: Property and Construction Industry Policy Regulations

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

**Sub-programmes:** Construction Industry Development Programme; Property Industry Development Programme

**Strategic Objective (s):**

- Promote growth and transformation of and competition in the construction and property industries;
- Promote uniformity and best practice in construction and immovable asset management in the public sector.

### 5. Programme 5: Auxiliary and Associate Services

**Purpose:** Provide for various services, including compensation for losses on the Government assisted housing scheme and assistance to organisations for the preservation of national memorials. Meet the protocol responsibilities for State functions.

**Sub-programmes:** Compensation for Losses; Distress Relief; Loskop Settlement; Assistance to Organisation for Preservation of National Memorials; State Functions; Sector Education Training Authority

**Strategic Objective (s):** Render auxiliary services for State functions and meet financial commitments on compensation for losses, preservations of national memorials, training and skills development.

## 2.2 PERFORMANCE INFORMATION BY PROGRAM

The performance of the Departmental per Programme is detailed below:

### Programme I: Administration

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

**Strategic Objectives:** To ensure effective corporate governance and sound resources management.

Internal Audit					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Risk based Internal Audit Plans approved annually	I Final Internal Audit Plan I Revised Internal Audit Plan	I Internal Audit Plan approved in April 2014 by Audit & Risk Management Committee	I Internal Audit Plan approved in April 2014 by Audit & Risk Management Committee	No deviation	No comment on deviation
Percentage of internal audits completed	15 of 17 Projects reports issued amounting to 88%	100% Audits completed as per Approved Internal Audit Plan	82% (22 of 27) of approved plan completed.	Introduction of new audit approach and methodology which resulted in more time been provided for on the job training for staff and consequently the delay in executing the projects within allocated time frames.	Include the projects in the new plan
Percentage of Investigations initiated within 30 days based on reported allegations in line with National Treasury Regulations	New Target	100% Investigations on reported allegations within 30 days	100% (39 allegations reported in the register) investigations initiated within 30 days	No deviation	No comment on deviation

Inter-Governmental Relations					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of coordinated internal executive meetings and management of DPW's interaction and engagement with Parliament and organs of state in all spheres of government.	A total of 99 meeting were facilitated	Approved corporate IGR strategy and internal governance charters implemented by facilitating a total of 72 meetings and programmes.	103 Consultative meetings and programmes facilitated with spheres of government held.	Target Over-Achieved	Target over achieved due to ad-hoc intervention meetings which were initially not scheduled but necessary to take place
Number of approved parliamentary documents pertaining to DPW Public Entities as per PFMA tabled - Strategic Plans, Annual Reports, Questions, International Agreements and Bills.	4 Annual Reports, 4 Strategic Plans and 4 APPs for IDT, CBE, cidb and ASA as approved by Minister were tabled in Parliament as per the PFMA requirement	4 Strategic Plans, 4 APP and 4 Annual Reports tabled for 4 Annual Reports tabled for ASA, CBE, cidb and IDT	04 Annual Reports, 04 Strategic Plans and 04 APPs for IDT, CBE, cidb and ASA as approved by Minister were tabled in Parliament as per the PFMA requirement	Target Achieved	No Comment on Deviation
Number of coordinated quarterly performance review meetings between Executive Authority and 4 DPW entities and appointment of Boards / Councils.	A total of 03 quarterly technical performance review meeting coordinated with CBE, cidb, IDT and ASA  Nomination Process of All professional Councils SACAP, SACLAP, SACQSP, SACPVP, SACPCMP, cidb	4 quarterly performance review meetings between Executive Authority and DPW Public Entities coordinated	A total of 03 quarterly technical performance review meeting coordinated with CBE, cidb, IDT and ASA	Target Not Achieved  Meeting scheduled for 26 May 2014 was postponed. The agenda for this meeting was incorporated in the agenda of the meeting held on 1 October 2014.	

Strategic Management Unit					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Annual Performance Plan compliant with Treasury Regulations tabled as per Parliamentary Programme	5 Year Strategic Plan (2014-2019) and Annual Performance Plan 2014/15 tabled in Parliament on 12 March 2014	2015/16 Annual Performance Plan tabled in Parliament in March 2015	5 Year Strategic Plan and Annual Performance Plan tabled on 12 March 2015	No deviation	No comment on deviation
Updated Risk Registers for 2015/16	Risk reviews for 2014/15 financial year for Head Office and Regional Offices conducted and risk registers updated.  High level risk register reviewed for 2014/15 and approved by the Accounting Officer	1 Risk Register updated for each Chief Directorate at Head Office for 2015/16.  1 Risk Register updated for each Regional Office for 2015/16.  1 DPW high level risk register updated for 2015/16.	Departmental risk registers updated for 2015/16 financial year. (these include for each chief directorate, regional offices and high level risk register)	No deviation	No comment on deviation
Approved strategic policies and procedures uploaded on the Knowledge Management System	New target	100% Of approved collection of strategic policies and procedures uploaded on the Knowledge Management System within 14 days of receipt.	87% (82/94) strategic policies and procedures uploaded on the Knowledge Management System within 14 days of receipt.	During the switch over to Papertrail 12 documents were not uploaded within the 14 day period due to the dysfunctional Knowledge Management System.	The Document Management System (Paper Trail) which has since replaced the Knowledge Management System and is now functioning as a central hub for uploading documents.

Monitoring and Evaluation					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of Quarterly Reports on predetermined objectives completed in accordance with PFMA	4 Quarterly Reports on predetermined objectives completed	4 Quarterly Reports on predetermined objectives completed in accordance with PFMA	4 Quarterly Reports on predetermined objectives completed	No deviation	No comment on deviation
Approved customised indicators for the Public Works Sector	Customised performance indicators developed	Customised performance indicators developed with Provincial Public Works Sector by 30 June 2014	Customised performance indicators developed with Provincial Public Works Sector by 30 June 2014	No deviation	No comment on deviation
Corporate Services					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
(A) Approved HR Plan submitted to DPSA by 31 March 2015. (B) Reduce vacancy rate.	HR Plan for MTEF period 2014/15 approved and submitted to DPSA	Revised DEPARTMENT HR Plan (including development and implementation of a Recruitment Plan and a Skills Development Plan to capacitate core business – Projects, Professional Services, Property and Facilities Management, Asset Management and SCM) submitted to DPSA by 31 March 2015. 100% of identified critical vacant positions advertised and filled	(a) Implementation Plan and Recruitment Plan have been approved in this financial year. (b) 318 positions advertised, 302 positions filled	The review of the HR Plan was subject to the approval of the revised organisational structure, which was to be the baseline for human resource capacity projections. The revised organisational structure of the department is still not approved.	Finalization and approval of the reviewed organisational structure

Corporate Services					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of beneficiaries participating in the DEPARTMENT skills development programme	New Target	914 Beneficiaries participating in the DEPARTMENT skills development programme. <ul style="list-style-type: none"> <li>179 Young Professionals</li> <li>545 Interns</li> <li>137 Learners</li> <li>53 Management trainees</li> </ul>	1075 Beneficiaries participating in the DEPARTMENT skills development programme. <ul style="list-style-type: none"> <li>189 Young Professionals</li> <li>582 Interns</li> <li>249 Learners</li> <li>55 Management trainees.</li> </ul> This is accumulative for the whole financial year	The number of beneficiaries exceeded the target due to the demand to the capacity building. Awarded new appointments, new bursaries awarded to grade 12 learners who have exited the Schools Programme as well as Ministerial Projects.	Avoid setting programme targets quarterly due to the nature of programmes
Number of artisans participating in the artisan development programme	New Target	200 Artisan trainees participating in the Artisan Trainee Development Programme.	200 Artisan trainees participating in the Artisan Trainee Development Programme.	No deviation	No comment on deviation
100% of legal opinions provided to Ministry and DEPARTMENT within 10 working days of referral of each request.	All requests were processed. Written – 112 Oral – 253  These opinions were responded to within the target of 10 working days	100% Legal opinions provided within 10 working days of referral of each request.	100% of legal opinions within 10 working days of 160 referral of each request	No deviation	No comment on deviation

Corporate Services					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
100% of contracts drafted, amended and commented on within 10 working days of referral of each matter.	100% referred contracts drafted amended or commented on within 10 days Signed – 526 Drafted – 5 Amended – 5 Commented – 0 Guarantees received – 14 Guarantees released – 25 Guarantee called up – 5 Guarantees cancelled - 4	100% Contracts drafted, amended and commented on within 10 working days of referral of each matter.	100% of contracts drafted, amended and commented on within 10 working days of referral of each matter. Signed – 597 Drafted – 16 Amended – 16 Commented – 2 Cont Cancelled – 2 Gaurantee Received – 14 Guarantee Released – 20 Guarantee called up – 0	No deviation	No comment on deviation
ICT infrastructure upgrade to secure system access for PMTE and DEPARTMENT business units.	N/A (New target)	Upgrade of application servers to enhance performance of business office automation applications. Business enablement of iE Works applications.	Upgrade of application servers to enhance performance of business office automation applications. Business enablement of iE Works applications completed	No deviation	No comment on deviation
Developed ICT infrastructure at the DEPARTMENT Disaster Recovery Site.	N/A (New Target)	Disaster Recovery Site with ICT infrastructure developed for DEPARTMENT.	Disaster Recovery Site with ICT infrastructure developed for DEPARTMENT.	No deviation	No comment on deviation

Corporate Services					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of corporate communications campaigns conducted in support of Government Long Term Plans.	N/A (it was an once off target for celebrating 20 years of democracy)	24 Events conducted in support of the 20 Years of Freedom campaign.	21 Events conducted in support of the 20 Years of Freedom campaign and 4 Departmental events.	No deviation	No comment on deviation
Approved DEPARTMENT Strategic Framework on Youth Development in the Built Environment.	N/A (New Target)	Completed Department Strategic Framework on Youth Development in the Built Environment incorporating 4 implementation plans on (i) youth employment in Built Environment (ii) youth skills development in Built Environment (iii) national youth service in Built Environment and (iv) youth advocacy toolkit for Built Environment.	Completed Department Strategic Framework on Youth Development in the Built Environment incorporating 4 implementation plans on (i) youth employment in Built Environment (ii) youth skills development in Built Environment (iii) national youth service in Built Environment and (iv) youth advocacy toolkit for Built Environment.	No deviation	No comment on deviation

Finance and Supply Chain Management					
Performance Indicator	Actual/Achievement 2013/14	Planned target 2014/15	Actual/Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Percentage change in irregular expenditure balance for DPW and PMTE	972% (R31.4 billion) increase in Irregular Expenditure (combined DPW & PMTE)	20% Reduction in irregular expenditure baseline for DPW and PMTE	10% (R3.5 billion) reduction in irregular expenditure in irregular expenditure baseline for DPW and PMTE (revised to R35 billion)	Half (50%) of the stated target was achieved	In 2013/14 the Irregular Expenditure for DPW & PMTE increased to R35 billion. The planned target was based on the planned baseline of R3.6 billion
Percentage change in the value of newly identified transactions relating to irregular & fruitless and wasteful expenditure for DPW and PMTE	DPW – R0.1 billion PMTE – R0.5 billion Incurred during the year	30% Reduction in the value of newly identified transactions relating to irregular & fruitless and wasteful expenditure for DPW and PMTE.	DPW - 83% (R83 m) PMTE - 92% (R458 m) reduction in the value of newly identified transactions of irregular and fruitless & wasteful expenditure	DPW – 53% more than set target PMTE – 62% more than set target	Improved internal controls implemented in SCM and Finance to prevent occurrence of irregular expenditure
Percentage of compliant invoices settled within 30 days	DPW - 84% PMTE - 93% compliant invoices settled within 21 working days	100% compliant invoices settled within 30 days	DPW – 89% PMTE - 90% compliant invoices settled within 30 days	DPW - 11% PMTE – 10%	DPW – improvement against last year performance PMTE- regressed on last year's performance. Owing to implementation of billing & accounting systems as well as new payment arrangements during 2014/15
Percentage fraud and corruption cases within SCM detected	New Target	100% detection of fraud and corruption cases within SCM	100% fraud and corruption cases within SCM detected as at 31 March 2015	No deviation	No comment on deviation

Finance and Supply Chain Management					
Performance Indicator	Actual/Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Percentage relevant and compliant bids awarded for construction projects within the validity period	New Target	70% compliant and relevant bids awarded within 90 days for construction projects	51% compliant and relevant bids awarded within 90 days for construction projects	19% under-achievement	Challenges experienced in timeously putting together specialist resources of bid committees Delays in security clearing service providers.
Percentage of compliant and relevant bids for private leases awarded within the validity period	New Target	100% compliant and relevant bids awarded within 120 days for private leases	No new private leases were put out to tender during the year	N/A	National Treasury approval was obtained to deviate from normal procurement processes for renewal of expired private leases. All leases were therefore concluded using the dispensation accorded by National Treasury  The focus of the DPW was on the extension of expired leases in line with the National Treasury dispensation.
Percentage contracts on the approved DPW procurement plan awarded in line with batch tendering processes aligned to the IDMS model	New Target	100% construction contracts awarded in line with batch tendering processes	100% Construction contracts awarded through individual tenders issued	Batch tendering is dependent on obtaining agreement and project roll-out alignment with clients	IDMS and Batch Tendering not yet implemented due to consultation and alignment with stakeholders being in process.

Finance and Supply Chain Management					
Performance Indicator	Actual Achievement 2013/14	Planned target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Percentage of Planned Maintenance contracts awarded to contractors registered on the Contractor Development Programme (CDP)	New Target	30% of projects under Planned Maintenance Programme awarded to contractors registered on the CDP	0% of projects under Planned Maintenance Programme awarded to contractors registered	100% underachievement	The DPW Policy on CDP being Consulted prior to approval and implementation.
Percentage change of debtors balance	New target	80% Reduction of balance to less than 120 days	92% Reduction of balance to less than 120 days achieved	12% overachievement	Enhancement of the debt recovery strategy resulted in an overachievement of 12%
Number of expenditure analysis reports completed for DPW and PMTE	4 Expenditure analysis reports for DPW and PMTE	4 Expenditure reports on consolidated functional expenditure estimates for DPW and PMTE	4 Expenditure reports on consolidated functional expenditure estimates for DPW and PMTE	No deviation	No comment on deviation

## Programme 2: Immovable Asset Management

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

**Strategic Objectives:** Provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programs

### Sub-Programmes:

- Strategic Asset Investment Analysis
- Projects and Professional Services
- Inner City Regeneration
- Operations Management
- Key Accounts Management
- Prestige Management

Performance Indicator	Asset Investment Management				Comments on deviation
	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	
Number of properties in the immovable asset register populated with information fields that are GRAP compliant	99,140 properties verified through physical verification and updated in accordance with National Treasury's minimum requirements on DPW's Immovable Asset Register by 31 march 2014 (The indicator for the year was not based on GRAP)	56 871 Properties in the immovable asset register populated with information fields that are compliant to GRAP	32 677 Properties in the immovable asset register populated with information fields that are compliant to GRAP	The physical verification was scheduled over 2 financial years and 99.1% was achieved for immovable assets that were in scope at the end of 2014/15. Due to the exceeded performance in 2013/14, there were fewer properties to verify than the planned target for 2014/15.	0.9% of the properties that could not be verified will be addressed in 2015/16.

Asset Investment Management					
Performance Indicator	Actual/Achievement 2013/14	Planned Target 2014/15	Actual/Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of land parcels vested	1,174 land parcels confirmed ownership (vesting) by 31 March	11 000 Land parcels confirmed ownership (Vested) <ul style="list-style-type: none"> <li>• Port Elizabeth &amp; Umtata – 1000</li> <li>• Bloemfontein – 200</li> <li>• Johannesburg &amp; Pretoria – 1000</li> <li>• Durban – 3000</li> <li>• Polokwane – 2000</li> <li>• Nelspruit – 1000</li> <li>• Kimberley – 500</li> <li>• Mmabatho – 1000</li> <li>• Cape Town – 1300</li> </ul>	761 land parcels vested (confirmed ownership) <ul style="list-style-type: none"> <li>• Port Elizabeth &amp; Umtata – 29</li> <li>• Bloemfontein – 109</li> <li>• Johannesburg &amp; Pretoria – 249</li> <li>• Durban – 34</li> <li>• Polokwane – 48</li> <li>• Nelspruit – 107</li> <li>• Kimberley – 20</li> <li>• Mmabatho – 49</li> <li>• Cape Town – 65</li> </ul>	DPW is not in possession of a significant number of Title Deeds and SG diagrams required to complete the vesting of land parcels.	Acquisition of outstanding Title Deeds and SG Diagrams from DRDLR subject to budget availability in 2015/16.  Engagement with DRDLR to standardize and simplify the vesting processes and practices in all Provincial State Land Disposal and Vesting Committees.
Number of immovable assets valued to determine deemed carrying amounts.	-	113 742 Immovable assets valued to determine deemed carrying amounts. <ul style="list-style-type: none"> <li>• Bloemfontein – 9006</li> <li>• Cape Town – 17902</li> <li>• Durban – 18384</li> <li>• Johannesburg – 8546</li> <li>• Kimberley – 7515</li> <li>• Mmabatho – 10368</li> <li>• Nelspruit – 7913</li> <li>• Polokwane – 12221</li> <li>• Port Elizabeth – 7089</li> <li>• Pretoria – 11858</li> <li>• Umtata – 2940</li> </ul>	45 907 immovable assets valued to determine deemed carrying amounts.	Only 66% of land parcels could be linked to the Municipal Valuation rolls. 34% of properties where alternative valuation methods are to be applied are time consuming and requires different individual input methods.	Continue applying the alternative valuation methods where municipal values do not exist.

Asset Investment Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Approved Custodian Asset Management Plan (C-AMP)	2014/15 C-AMP completed. 2015/16 C-AMP chapters completed	2016/17 C-AMP approved by the Accounting Officer by 30 June 2014	44 C-AMP Chapters for 2016/17 completed and C-AMP approved by 30 June 2014	No deviation	No comment on deviation
Approved Construction Implementation Programmes for 2015/16.	2014/15 PMIP & DPW CWIP approved	1 DPW CWIP for 2015/16 approved by the Infrastructure Budget Committee by 30 June 2014. 1 PMIP for 2015/16 approved by the Infrastructure Budget Committee by 30 June 2014	Construction Implementation Programmes for 2015/16 approved in Q3	The value of projects in execution in Q1 exceeded the baseline allocation leading to projects being shifted to outer years hence no PMIP and CWIP for 2015/16 could be approved in Q1	The target for compilation of the Construction Programmes to be moved to the third quarter for better forecasting and planning to be done.
Approved Construction Implementation Programmes for	-	1 DPW CWIP for 2016/17 approved by the Infrastructure Budget Committee by 30 June 2014. 1 PMIP for 2016/17 approved by the Infrastructure Budget Committee by 30 June 2014	Target not achieved	The value of projects in execution in Q1 exceed the baseline allocation leading to projects being shifted to outer years	Approval of funded Construction Programmes must be done one year in advance in alignment with annually allocated funds and progress on implementation

Asset Investment Management					
Performance Indicator	Actual/Achievement 2013/14	Planned Target 2014/15	Actual/Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of properties released for Human Settlements	1 Property approved for release	22 Properties approved by Minister for release for human settlement as identified by the Department of Human Settlements and the Human Settlements Agency. <ul style="list-style-type: none"> <li>• Pretoria -2</li> <li>• Johannesburg – 5</li> <li>• Durban- 5</li> <li>• Nelspruit-5</li> <li>• Cape Town-5</li> </ul>	2 Properties approved for release for human settlements  Cape Town – 1 Mmabatho - 1	Preliminary investigations undertaken with Housing Development Agency (HDA)  Seven (7) properties awaiting approval and formal requests are still awaited for the other thirteen (13)	HDA to submit formal requests and supporting documentation for consideration of the release of identified properties

Asset Investment Management				
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15
Number of properties released for Land Reform	No properties released of properties for land reform	40 Properties approved by Minister for release for Land Reform purposes as identified by DRDLR <ul style="list-style-type: none"> <li>• Cape Town – 29</li> <li>• Nelspruit – 1</li> <li>• Polokwane- 10</li> </ul>	1 Property approved for release for land reform purposes. <ul style="list-style-type: none"> <li>• Pretoria - 1</li> </ul>	<p>Protracted investigations and re-engagement with Regional Land Claims Commission (WCC) to obtain requisite supporting documentation in relation to 6 properties</p> <p>Information on the 7th property had to be verified in respect of the exact extent of land to be released</p> <p>22 requests from the WCC RLCC did not have sufficient required supporting documents to be processed for approval</p> <p>Five (5) of the properties that were identified for Land Reform are not restorable and a formal request is awaited for the other six (6)</p>
				<p>Balance of requests to be processed in 2015/16 upon receipt of information required from DRDLR.</p> <p>Reviewed disposal business processes in the PMTE with a view to enhancement.</p>

Asset Investment Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Approved National Infrastructure Maintenance Strategy	-	National Infrastructure Maintenance Strategy approved by Minister.	<p>Programme Management structure (WC1) established to ensure development of NIMS work components</p> <p>Maintenance Management Standard (WC2) completed</p> <p>Maintenance Planning Guidelines (WC 3) completed</p> <p>Draft Maintenance Accounting Framework (WC 4) developed</p> <p>Draft Maintenance Competency profiles (WC 5) developed</p>	<p>SCM challenges in CIDB who are implementing agents for DPW in the development of the required work components.</p> <p>Extensive stakeholder engagement required for WC 4 and 5.</p> <p>WC 6 - 7 will be completed upon approval of WCs 2 - 5</p>	<p>Project SteerCo to ensure adherence to project time frames in the completion of remaining Work Components and approval thereof.</p>

Asset Investment Management					
Performance Indicator	Actual/Achievement 2013/14	Planned Target 2014/15	Actual/Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Approved Immovable Asset Management Framework.	-	Asset Management Framework approved by the Accounting Officer by 30 September 2014	Target not achieved	Reconsideration of the scope and content of the project in the move from DPW to PMTE during the Q4 APP planning processes. The completion of an IAMF for the PMTE now requires the development of a strategy for the DPW Immovable Asset portfolio of assets in addition to enhanced business processes and capacitation.	Fast-track the development of a strategy for the DPW Immovable Asset portfolio
Approved property performance standards (PPS) for all categories of Immovable Assets.	-	Property Performance Standards approved by the Accounting Officer by 30 September 2014	Target not achieved	Reconsideration of the scope and content of the project in the move from DPW to PMTE during the Q4 APP planning processes. This has led to a revised strategy for the implementation of this project in the new MTSF.	Project to be taken forward in the PMTE

Projects and Professional Services					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of planned construction projects completed as per approved Construction Implementation Programmes	179 Construction projects completed	542 Construction projects completed (Status 6A) <ul style="list-style-type: none"> <li>• Bloemfontein: 130</li> <li>• Cape Town: 80</li> <li>• Durban: 41</li> <li>• Johannesburg: 28</li> <li>• Head Office: 19</li> <li>• Kimberley: 43</li> <li>• Mmabatho: 21</li> <li>• Nelspruit: 39</li> <li>• Polokwane: 10</li> <li>• Port Elizabeth: 64</li> <li>• Pretoria: 24</li> <li>• Umtata: 43</li> </ul>	180 Construction projects completed	362 Construction projects not completed for the year	Delays in bid evaluation and awarding of contracts  Delays in the appointment of professional service providers.  Delays in planning, due site clearance processes that are taking long then anticipated  Poor performance of Contractors on certain construction projects, resulting in extension of time with penalties and cancellations
Number of State-owned buildings made accessible for persons with disabilities as per the CWIP	New performance Indicator	51 Buildings made accessible as per the CWIP <ul style="list-style-type: none"> <li>• Bloemfontein: 2</li> <li>• Cape Town: 2</li> <li>• Durban: 2</li> <li>• Johannesburg: 5</li> <li>• Kimberley: 2</li> <li>• Mmabatho: 11</li> <li>• Nelspruit: 8</li> <li>• Polokwane: 5</li> <li>• Port Elizabeth: 4</li> <li>• Pretoria: 8</li> <li>• Umtata: 2</li> </ul>	33 Buildings made accessible as per the CWIP	18 Buildings not made accessible as per the CWIP	Delays in the appointment of professional service providers for Accessibility programme

Projects and Professional Services					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of Land Ports of Entry under recapitalization as per the CWIP	New performance Indicator	5   Land ports of entry under recapitalization as per the CWIP	5   Land ports of entry have RAMP contracts in place	No deviation	
Completed masterplans for one stop land ports of entry	New performance Indicator	2   Master plans completed for Beit Bridge and Maseru Bridge	1   Master Plan completed (Beit Bridge)	1   Project delayed by Procurement processes	Professional Team for both projects are working on the preliminary reports
Number of User Departments with approved Infrastructure Programme Implementation Plans (IPIP's)	New performance Indicator	1   User Departments with approved IPIP's (DoA, DAC, DCS, DoD, DoH, DHET, DHA, DoJ&CD, DoL, DRDLR, SAPS)	0   User Departments with Drafts IPIP's	Target not achieved 1   User Departments not approved IPIP's	Non-compliance to GIAMA and lack of submission of UAMP's by the Clients Departments Adoption and institutionalization of the IDMS within the NDPW across Branches and value chain also contributed to under achievement  Institutionalization of IDMS to give effect to the entire value chain in progress
Percentage of current projects with approved project scopes	New performance Indicator	50% (271 projects) current projects with approved project scopes	320 projects (more than 50%) had approved projects scopes	Target over achieved	The reason for over achievement was due to several engagements Regional Offices to approve the scope. This was also supported by the institutionalization of Infrastructure Delivery Management System (IDMS)

Projects and Professional Services					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Ratio of Project Managers to projects	New performance Indicator	1:10 Ratio of Project Managers to projects	1:45 Ratio of Project Managers to projects	Target not achieved	Review of the departmental structure in progress to satisfy the required project managers
Percentage budget variance on each completed project	New performance Indicator	Less than 15% budget variance on each completed project	124 (more than 15%) projects completed within 15% budget variance	Target over achieved	The reason for over achievement is the close monitoring of the programme, through engagements with regions and project man. One on one discussion with regional office, including site visits
Implementation of the approved 2015/16 Construction Implementation Programmes	New performance Indicator	Complete Contract Documentation for the 2015/16 Implementation Programmes (CWIPs/ PMIP) for projects in status 4 to 4B	26 projects handed over for construction	Target not achieved	Awaiting confirmation of re-allocations from other Client Departments  (It is a once-off target for subsequent financial years
Implementation of the approved Construction Implementation Programmes	New performance Indicator	Complete Contract Documentation for the 2016/17 Implementation Programmes (CWIPs/ PMIP) for projects in status 4 to 4B	26 projects handed over for construction	Target not achieved	Awaiting confirmation of re-allocations from other Client Departments  (It is a once-off target for subsequent financial years

Inner City Regeneration					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Approved Government boulevard with the Tshwane Inner City Development Framework	Application submitted to the City of Tshwane for the Proclamation of Salvokop as a Township	Redefine Government estate footprint within the identified boulevard Salvokop Spatial Development Framework approved by Deputy Manager of COT and DDG ICR	Government Estate footprint redefined Spatial Development Framework Approved	No deviation No deviation	No Comment on deviation No Comment on deviation
Number of accommodation solutions produced for project implementation for Tshwane	4 sites within Paul Kruger Precinct for Head Office accommodation of national departments identified	5 accommodation solutions produced for (DSD, DHS, DHET, DoJ&CD, DHA) for project implementation in Tshwane	10 Accommodation solutions produced (DHET, DCS, DSD, SASSA, DoJ, DAC, NT, DAFF, SAPS, DoC)	Target not achieved	All legal requirement for proclamation of Salvokop have been met except for the Noise Impact study, which was requested at the end of the financial year by CoT Noise impact study in progress
Government precincts integrated with the spatial development frameworks of identified municipalities	New Target	Polokwane Government precinct integrated with municipal spatial development framework	Polokwane Government Precinct integrated with SDF	No deviation	DHS and DHA were deferred in lieu of prioritizing the other departments No Comment on deviation

Inner City Regeneration					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of accommodation solutions produced for project implementation in other metro and district municipalities (outside Tshwane)	New target	3 (DPW, SAPS and DoJ&CD) accommodation solutions produced for project implementation in Polokwane	Accommodation solutions produced for DPW & SAPS	DoJ & CD needs assessments outstanding	Obtaining needs assessment for DoJ & CD in progress. Engagement with the User continues
DPW's infrastructure programme integrated with sector departments and rural municipal spatial development frameworks	New target	DPW infrastructure plans integrated with sector departments and 5 rural municipal SDFs	5 DPW infrastructure Plans integrated <ul style="list-style-type: none"> <li>• Christiana</li> <li>• KwaMahlanga</li> <li>• Iduytwa</li> <li>• Vredenburg</li> <li>• Howick</li> </ul>	No Deviation	No Comment on deviation
Operations Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of expired leases for leased accommodation	New performance Indicator	0 expired leases for leased accommodation	323 (expired and month to month leases)	Expired lease increased because of uncooperative Landlords and outstanding Procurement Instruction	National Treasury has approved that National Department can use non-competitive bidding to reduce backlog of expired leases

Operations Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Percentage of lease agreements signed within 30 days after finalisation of the open bid process	New performance Indicator	100% of leases for 2014/15 signed within 30 days after finalisation of the open bid process	37% (16 of 43) of leases for 2014/15 signed within 30 days after finalization of the open bid process	63% (27 of 43) of leases for 2014/15 not yet signed within 30 days after finalization of the open bid process	Expired leases increased because of non-finalisation of lease agreements with Landlords, outstanding Procurement Instruction and unconfirmed funding from client departments
Percentage of day-to day maintenance breakdowns addressed (calls closed) within agreed timeframes after logging of complaint	New performance Indicator	100% Breakdowns completed within agreed timeframes after logging of complaint	18% (9680 closed against 53 215 open calls) Breakdowns completed within agreed timeframe after logging of complaint	82% Breakdowns not completed within agreed timeframe after logging of complaint	Prolonged period to report on jobs completed resulting in under-reporting from client departments
Number of buildings retrofitted in terms green building principles	New performance Indicator	300 Buildings retrofitted with Energy efficiency installations: <ul style="list-style-type: none"> <li>• Johannesburg: 10</li> <li>• Polokwane: 30</li> <li>• Mmabatho: 40</li> <li>• Cape Town: 100</li> <li>• Durban: 100</li> <li>• Bloemfontein: 20</li> </ul>	9 429 Buildings retrofitted with Energy efficiency installations	Over by 9 129 Buildings retrofitted with Energy efficiency installations against the target	Scope of work expanded due to factors such as additional facilities (more buildings on one premise which were initially not identified) identified in some buildings

Operations Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
		19 Buildings retrofitted with water savings installations in: <ul style="list-style-type: none"> <li>• Cape Town: 2</li> <li>• Durban: 2</li> <li>• Johannesburg: 1</li> <li>• Kimberley: 2</li> <li>• Mmabatho: 2</li> <li>• Umtata: 2</li> <li>• Nelspruit: 2</li> <li>• Polokwane: 2</li> <li>• Pretoria: 4</li> </ul>	11 Buildings retrofitted with water savings installations generating an income of R1 914 973,78	8 Buildings not retrofitted with water savings installations	Delays in procurement processes impacted on the implementation of the rest of the projects
		22 Buildings retrofitted with waste management installations in: <ul style="list-style-type: none"> <li>• Johannesburg: 4</li> <li>• Polokwane: 2</li> <li>• Mmabatho: 2</li> <li>• Cape Town: 2</li> <li>• Durban: 2</li> <li>• Umtata: 2</li> <li>• Kimberley: 2</li> <li>• Pretoria: 4</li> <li>• Nelspruit: 2</li> </ul>	91 Buildings in Cape Town retrofitted with Waste Management separation of Waste source	Over by 69 Buildings retrofitted with waste management installations	Scope of work expanded due to factors identified in some buildings

Operations Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of signed outcomes based Facilities Management contracts signed for state owned buildings	New performance Indicator	12 Pilot Outcome-based Facilities Management contracts signed by the Project Manager <ul style="list-style-type: none"> <li>• Pretoria: 2</li> <li>• Cape Town: 2</li> <li>• Durban: 1</li> <li>• Bloemfontein: 1</li> <li>• Mmabatho: 1</li> <li>• Kimberley: 1</li> <li>• Nelspruit: 1</li> <li>• Polokwane: 1</li> <li>• Johannesburg: 1</li> <li>• Umtata: 1</li> </ul>	No Outcome-based Facilities Management contracts were signed by the Project Manager	No Outcome-based Facilities Management contracts were signed by the Project Manager	No maintenance budget for the implementation of FM contracts

Key Accounts Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Completed Service Delivery Standards for immovable Asset lifecycle management towards compilation of a Client Value Proposition.	No update Service Delivery Standards document.	Update Service Delivery Standards.	Updated service delivery standards as per KAM APP.	No deviation	No comment on deviation

Key Accounts Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Completed Client Survey Index for the Service delivery Improvement Plan towards compilation of Client Value Proposition.	New target for 2014 -2015 financial year	Information towards the development of the survey index researched and collated.	The Client Survey Index for the Service delivery has been developed and completed.	No deviation	No comment on deviation
Number of Service Level Agreements approved by identified User Departments.	SIGNED SLA'S: Q1: Military Veterans and Trade and Industry. Q2: Film and Publications Board.	30 Service Level Agreements approved by identified User Departments	Approved signed off SLA's not received from all User Departments awaiting legal opinion.	Target not achieved	Clients are still subjecting the SLA for legal opinion and review is in progress.
Number of user departments UAMP templates completed to assist User Departments compile long term Service Delivery Infrastructure Plans.	Workshops undertaken: 1st Q: DOJ & CD and DAFF. 2nd Q: DRDLR and DHA. 3rd Q: DCS and DOL. 4th Q: SAPS, DEPARTMENT, DWA and DOD.	42 User departments UAMP templates (1-12) for FY 2016-17 completed by 31 December 2014.	The user departments UAMP templates for 2016-17 could not be completed and submitted as User depts. reviewing their strategic infrastructure requirements.	Target Not Achieved	Departments are reviewing their strategic infrastructure requirements.

Key Accounts Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Approved 2015/2016 Capital Works Implementation Programmes (CWIP) for identified user departments.	New target for 2014 -2015 financial year	9 CWIP's approved by user departments for financial year 2015/2016 by 30 June 2014.	Only SAPS signed off the approved CWIP for 2015/2016. The other Client departments were reluctant to allocate funds on projects when cash flows are not updated. The System Information (i.e. WCS) was not updated. A new updated was forwarded schedules for sign off during April 2015.	Target Not Achieved	System Information (i.e. WCS) not updated with three year cash flows by executing units. The Clients were reluctant to allocate funds on projects when cash flows are not updated on the system.
Approved Capital Works Implementation Programmes (CWIP) for identified user departments.	New target for 2014 -2015 financial year	9 CWIP's approved by user departments for financial year 2016/2017 by 30 June 2014.	No CWIP's approved by user departments for financial year 2016/2017 by 30 June 2014.	Target Not Achieved	System Information (i.e. WCS) not updated with three year cash flows by executing units. The Clients were reluctant to allocate funds on projects when cash flows are not updated on the system.
Percentage of PI's issued as per approved 2015/2016 Construction Implementation Programmes.	New target for 2014 -2015 financial year	100% Procurement Instructions (PI) issued for funded projects (Excluding status 3A-Town Planning) as per approved Implementation Programmes (CWIP/ PMIP) for 2015/2016) by 31 July 2014.	No procurement Instructions were issued as there were no signed off CWIPs received from the User Departments.	Target Not Achieved	System Information (i.e. WCS) not updated with three year cash flows by executing units. The Clients were reluctant to allocate funds on projects when cash flows are not updated on the system.

Key Accounts Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Percentage of PIs issued as per approved Construction Implementation Programmes.	New target for 2014 -2015 financial year	100% of Procurement Instructions issued for funded projects (Excluding status 3A-Town Planning) as per approved Implementation Programmes (CWIPs/ PMIP) for 2016/2017 by 31 July 2014.	No procurement Instructions were issued as there were no signed off CWIPs received from the User Departments	Target Not Achieved	System Information (i.e. WCS) not updated with three year cash flows by executing units. The Clients were reluctant to allocate funds on projects when cash flows are not updated on the system.

Prestige Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Response times for the provisioning of office and residential movable assets to Prestige clients (in line with the Ministerial Handbook) from date of receipt of request	New Indicator	Office and residential movable assets provided to Prestige clients (in line with the Ministerial Handbook) within 60 days from receipt of request	53 items delivered within 60 days in the year under review	Target not Achieved	In some instances, decisions on the choice of Office and Residential movable assets often take longer than expected due to unavailability of the clients at the time of making a choice and reporting
Response times for resolution of Prestige maintenance issues after logging of complaint (within the mandate of DPW)	New Indicator	Maintenance issues (electrical and plumbing) resolved within 5 days after logging of complaint	1851 maintenance issues (electric and plumbing) resolved within 5 days after logging a complaint	Target Not Achieved	Access to some properties for maintenance purposes proved a challenge

Prestige Management					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Response times for resolution of Prestige maintenance issues after logging a complaint (within the mandate of DPW)	New Indicator	Maintenance issues (excluding plumbing and electrical) resolved within 30 days after logging of complaint	2629 maintenance issues (excluding electricity and plumbing) resolved within 30 days after logging a complaint	Target Not Achieved	Access to some properties for maintenance purposes proved a challenge

Special Intervention Projects					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of schools constructed	New Indicator	36 Schools constructed as prioritised by the Department of Basic Education	0 Schools constructed as prioritised by the Department of Basic Education	Project was handed to the IDT for implementation	The project will done and reported by IDT
Number of schools beautified	New Indicator	125 Schools beautified as prioritised by the Department of Basic Education	0 Schools beautified as prioritised by the Department of Basic Education	A. Service Providers' Appointed B. Project scope already done by <i>Professional Service Providers</i>	Beautification will commence once the scopes have been approved by DBE
Number of low cost bridges constructed	New Indicator	10 Low cost (bailey) bridges constructed as prioritised by DPW.	0 Low cost (bailey) bridges constructed as prioritised by DPW	Addressing legal issues with the appointed service provider.	Tender process to be re-initiated once the legal progress is finalised.

### Programme 3: Expanded Public

**Purpose:** To ensure the creation of work opportunities and the provision of training (in targeted Sub-Programmes) for unskilled, marginalized and unemployed people of South Africa by coordinating the implementation of the Expanded Public Works Programme.

**Strategic Objectives:** To promote an enabling environment for the creation of both short and long term work opportunities, so as to contribute to the national goal of job creation and poverty alleviation

Programme 3 – EPWP					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of work opportunities created through the EPWP labour intensive approach aligned to the EPWP business plan (Phase 3)	1 017 265 Work opportunities created	1 045 000 Work opportunities created through EPWP Phase 3	1 103 983 work opportunities created through the EPWP.	58 983 more work opportunities created through the EPWP.	Some public bodies implementing the programme better than anticipated..
Percentage of disbursed performance based incentive allocations to eligible public bodies across all sectors.	100% of incentive allocations disbursed to eligible public bodies across all sectors.	90% of performance based incentive allocations disbursed to eligible public bodies across all sectors.	100% of incentive allocations disbursed to eligible public bodies across all sectors.	No deviation from planned target.	The public bodies targeted to receive the grant had complied with the requirements.
Number of beneficiaries trained through the National Skills Fund.	New Indicator	800 beneficiaries trained through the National Skills Fund.	3 816 beneficiaries trained through the National Skills Fund.	2 016 beneficiaries trained through the National Skills Fund.  Target over-achieved	The overachievement in number of EPWP beneficiaries trained is due to improved procurement processes for appointment of training providers including the use of SETAs to procure Training Providers.

Programme 3 – EPWP					
Performance Indicator	Actual/Achievement 2013/14	Planned Target 2014/15	Actual/Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of youth participating in the National Youth Service programme within DPW.	1 526 Youth participating in the National Youth Service programme by 31 March 2014	3 500 Youth participating in the National Youth Service programme.	1 210 Youth participating in the National Youth Service programme.	2 290 less youth recruited on the National Youth Service Programme than anticipated	Some of the identified projects were not implemented as planned by the Department due to delays in procurement processes
Number of work opportunities created in rural municipalities aligned to the EPWP business plan.	763 567 work opportunities created in rural municipalities.	600 000 Work opportunities created in rural municipalities.	780 033 Work opportunities created in rural municipalities.	180 033 additional Work opportunities have been created in rural municipalities exceeding the set target.	Prioritization of EPWP projects in Rural municipalities resulted in increased numbers
Number of EPWP work opportunities created by DPW	5 510 work opportunities created by DPW	20 000 Work opportunities created by DPW.	4 343 Work Opportunities created by DPW.	15 657 less Work Opportunities created by DPW	Projects identified were not implemented as planned procurement processes

## Programme 4: Property and Construction Industry Policy Regulation

**Purpose:** To regulate and promote the growth and transformation in the construction and property industries. Promote uniformity and best practices in construction and immovable asset management in the public sector.

**Strategic Objectives:** To ensure transformation and regulation of the construction and property industries to ensure economic growth and development.

Property and Construction Policy					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Participation in Parliamentary process towards enactment of Agrément South Africa (ASA) Bill.	Draft ASA Bill approved for Cabinet Gazetting for public comment in December 2013. Draft ASA Bill gazetted in January 2014 for public comments. Analysis of public comments on Draft ASA Bill commenced in March 2014.	ASA Bill tabled in Parliament by 31 December 2014 and participated in the Parliamentary process towards enactment of ASA Bill.	ASA Bill introduced in Parliament in February 2015 Participated in Parliamentary process towards enactment of ASA Bill.	No deviation	No comment on deviation
Participation in Parliamentary process towards enactment of Expropriation Bill.	-	Participated in Parliamentary process towards enactment of Expropriation Bill.	Participated in Parliamentary process towards enactment of Expropriation Bill.	No deviation	No comment on deviation
Draft amendments to legislative framework for the Built Environment Professions (BEPs) developed.	Submit the final BEP Policy for Ministerial approval by 31 December 2013.	Draft amendments to BEP legislation submitted to Cabinet for approval to gazette for public comment by 31 March 2015.	Draft amendments to BEP legislation not yet developed for submission to Cabinet for approval to gazette for public comment.	Draft BEP Policy still under consideration within the Department.	Amendments to BEP legislation to commence upon approval of BEP Policy.

Property and Construction Policy					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Revised draft Independent Development Trust (IDT) Bill developed.	IDT Business Case submitted for Ministerial approval by 31 March 2014.	Revised draft IDT Bill developed by 31 March 2015.	Revised draft IDT Bill not developed.	Business Case being revised to establish IDT as an Institution of Government, thus an IDT Bill is no longer required.	IDT Bill no longer required, as the IDT will be established as an Institution of Government.
Draft revised DPW White Papers Developed.	New indicator	Draft 1 of revised White Papers on: (1) the Public Works function; and (2) the Construction Industry developed by 31 March 2015.	Draft 1 of revised White Papers on: (1) the Public Works function; and (2) the Construction Industry not yet developed.	Inadequate capacity to undertake the project.	Enhance capacity to commence project during 2015/16.
Construction and Property Sector Codes aligned to the revised BBBEE Codes of Good Practice (2013).	New indicator	Final revised Construction and Property Sector Codes submitted to the dti for gazetting in terms of Section 9(1) of the BBBEE Act, 2003 by 31 December 2014.	Revised Construction Sector Codes not submitted to the dti to gazette in terms of Section 9(1) of the BBBEE Act, 2003. Constituencies still negotiating within Charter Council.	Protracted negotiations among constituencies. Negotiations in Charter Council stalled in December 2014 but were revived in March 2015.	Final revised Construction Sector Codes to be submitted to the dti to gazette in terms of Section 9(1) of the BBBEE Act, 2003 in September 2015.
Draft Immovable Asset Management Policy developed	New indicator	Final Draft of Immovable Asset Investment Policy submitted to Minister for approval.	Draft Property Sector Codes submitted to the dti in January 2015 to gazette for public comment. Final Draft of Immovable Asset Management Policy not submitted to Minister for approval.	Protracted negotiations among constituencies.	Final revised Property Sector Codes to be gazetted in terms of Section 9(1) of the BBBEE Act, 2003 following consultation with stakeholders.
				No Draft of Immovable Asset Investment Policy was submitted to Minister for approval.	Fast-track the development of a strategy for the DPW Immovable Asset portfolio

### Programme 5: Auxiliary and Associated Services

**Purpose:** To provide for various services, including compensation for losses on the Government - assisted housing scheme and assistance to organisations for the preservation of national memorials. Meet the protocol responsibilities for state functions.

**Strategic Objectives:** To ensure improved service delivery in all Departmental programs to meet clients' expectations and leverage stakeholder relations.

Auxiliary and Associated Services					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual Achievement 2014/15	Comments on deviation
Number of Prestige Events supported with infrastructure related service	Infrastructure support provided for <b>14</b> planned Prestige Events	Infrastructure support provided for <b>13</b> planned Prestige Events.	Infrastructure support provided for <b>23</b> Prestige Events	Additional Ad Hoc Requests were made in the year under review.	No comment on deviation
	Infrastructure support provided for <b>12</b> unplanned Prestige Events				

## 2.3 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The financial year 2014/5 saw restructuring processes being undertaken. Programme 2, which performs the Department's core business and where the main challenges were experienced were prioritised in this process rather than in Programme 1 which mainly provides support functions.

From the foregoing, it is evident that there was an imbalance between the achievements of the support programme and the core business of the Department. The achievement of Programme 1 for the period under review remained between 70 and 80% while the achievements for Programme 2 fell to 21 % The EPWP maintained its operations at around 60% while Programme 4, which is responsible for Policy Regulation was the most challenged Programme and therefore requires much restructuring, going forward. The overall performance of the Department was recorded to be an average level and, from the evidence available in the performance information, strategies have had to be conceptualized in order to address the challenges that were experience. In this regard the following strategies to overcome the areas of under-performance have been put into place:

### *Business Processes*

The process to address the absence or lack of an integrated value chain was underway. With the establishment of the GRC Branch, the value chain of the Department was under scrutiny in order to derive value for money and improve service delivery. Addressing the business processes will be achieved by developing a Service Delivery Model of identified core areas and mapping the inter-linkages that will improve the value chain. Additionally, the delivery model will be matched with the Infrastructure Delivery Management System (IDMS) and other ICT related platforms in those areas. The process to develop the delivery model will require a revisit in individual unit's value chains and craft an integrated value chain that will avoid fragmentation and duplications. The value chain will also assist in addressing the skewness between core and support areas.

As part of improving the planning of the core business of the Department, the GRC will also put in place stringent internal controls to improve performance – starting with compliance which will include performance-reporting compliance as well as delivery-related compliance. Some of the softer initiatives include training and development on performance related areas, risk management and project management. Such training will improve the planning and understanding of performance management, as well as in the development of SMART objectives and indicators.

### *Immovable Asset Register*

The implementation of the Immovable Asset Register (IAR) Programme, which was intended as a phased process remained key to the full operationalisation of the PMTE.

As a continuous exercise to ensure that its IAR is complete and accurate, the Departments' IAR was reconciled against the records of the Deeds Office and other National and Provincial IARs for both the interim and annual financial statements during 2014/15.

During this reporting period, 32 677 properties in the IAR were verified in 2014/15. All the relevant information fields in the IAR were populated to comply with National Treasury's minimum requirements and GRAP standards. Cumulatively, the Department verified 99% of identified properties that were in the Scope of Work for Phase 2 of the IAR Programme, thereby enabling the Department, to inter alia, confirm the existence and occupancy status of its Immovable Asset Portfolio. All information collected was subjected to further analysis and alignment to the approved Immovable Asset Management Policy. It is noted that 761 land parcels were vested (ie. confirmed ownership) during this reporting alone, and the Department has cumulatively vested 16,161 out of 33 000 land parcels under its custodianship. In addition, 45 907 immovable assets were valued to determine deemed carrying amounts and 66% of the land parcels and improvements were traced to the Municipal Valuation Rolls. Alternative methodologies were also utilised, where municipal values did not exist.

## Infrastructure

The challenge of under-expenditure in infrastructure necessitated a thorough analysis of the infrastructure delivery value chain. In addition to capacity constraints, the quality of planning was also identified as the primary reason for under-expenditure. In order to address this issue, the Construction Management Programme identified a number of key challenges, which included, ineffective management, inadequate control and scoping of projects, poor planning and design and funding allocations, which were not aligned to project delivery. In addition, the slow pace of transformation was also found to impact on the construction sector.

As a result of the identified issues, measures to overhaul its project delivery processes were put into place. These measures included the institutionalization into the Infrastructure IDMS. Momentum has since been created and every effort must now be made to forge ahead with initiatives to address both the backlog of infrastructure projects and to improve planning and turnaround times in project delivery.

In addition, the new Supply Chain regime, which includes, inter alia, the introduction of Functionality Criteria and which will be in line with the IDMS, was initiated and will be implemented. In addition, the possibility of engaging SCM on a new regime for projects in distress or that need urgent interventions will also be explored.

Important also was the question of late payments to contractors as these created debilitating cash flow problems, especially for SMME's that did not have the resources to sustain the drain on their cash flow. Late payments to contractors in the infrastructure delivery chain undermine delivery, economic growth and most importantly, the developmental and transformational objectives of the country. This issue received priority and it is advisable to pay the SMMEs within 30 days of receiving the contractors' invoices, as prescribed.

Work on the development of the Department's Contractor Development Programme (CDP), in line with the National Contractor Development Programme (NCDP) continued during this period. The CDP is aimed at creating an enabling environment for emerging contractors to grow, through support programmes i.e. mentorship, sub-contracting, joint ventures and consortia. The emphasis of the CDP is on targeted groups (women, youth and people with disability) and on forging strong partnerships with the CBE and the cidb who have been charged with the responsibility of assisting Government.

In its efforts to address the skills gap in the Built Environment industry, the Department commenced with the process to build technical and professional capacity in construction project management. This necessitated engagements with SACPCMP, CESA, COEGA, the IDT and National Treasury to source the requisite skills for improved project delivery. In

the reporting period, discussions were at advanced stage with some of these bodies, to finalise MOUs.

In some projects, poor performance by contractors and consultants was reported. The Department entered into consultative processes with some of these contractors and consultants to either develop intervention strategies or terminate their services. A directive on the use of Functionality Criteria was drafted to address the appointment of consultants and contractors without the requisite capacity.

## Green Building Programme

Processes were at an advanced stage in the development of prescripts, institutional arrangements and interventions for a Green Building Programme, which will allow the Department to contribute directly to the realisation of a climate resilient economy. This will be achieved by providing leadership to National Departments, Provincial Departments of Public Works and sector stakeholders in a Green Building Regime that is responsive to Government's economic imperatives and social-cohesion discourse. This strategic objective necessitated that the Policy and Programme outlook should address the "energy, food, water nexus" through Green Building and incorporate African Indigenous Knowledge Systems, specific to the built environment. In addition, it should utilise knowledge and skills plurality towards realising economies of scale in job creation, the development of SMMEs, and the promotion of social-cohesion through Climate Change mitigation actions in the built environment. Current processes in the Green Building Programme include the following:

The draft National Green Building Policy, which is intended to serve as an overarching prescript for the implementation of the Green Building Programme, throughout Government buildings has been finalised and will be presented to a National Green Building Policy Workshop on the 7 – 8 April 2015, for consultation with Client Departments and Provincial Departments of Public Works. The draft policy covers various elements, and include, inter alia :

- Locating Green Building within the strategic context of the South African Green Economy trajectory and Climate Change response strategies espoused in the National Climate Change Response Strategy, the National Energy Efficiency Strategy, and the National Framework for Sustainable Development;
- The incorporation of the socio-economic imperatives of Government i.e. skills development, job creation, technology transfer, local innovation, local designation and manufacturing of materials etc.;
- Social-cohesion through the incorporation of African Indigenous Knowledge Systems i.e. Indigenous Biodiversity, Rooftop Gardens, Arts and Culture, local building material auditing, Indigenous Architecture, Indigenous Community Building Planning and Orientation, Indigenous "Building with the Environment";
- The implementation of Energy and Water Efficiency, Waste Recycling, and Renewable Energy measure in public buildings to mitigate against the building sector's 40% contribution to Greenhouse Gas emissions and optimize savings in energy and water utilisation;
- The introduction of Eco-labelling of construction materials and processes;
- The development of the Green Building Norms and Standards for Government buildings and the recognition of private rating systems for privately leased buildings, where applicable;
- Engagements with the Council for Scientific and Industrial Research (CSIR) in the development of the Green Building Norms and Standards for rating Government buildings. This will incorporate various economic and social imperatives and will be owned by the South African Government;
- Provision for the establishment of retrofitting programmes and institutional arrangements to bring effect to Green Building; and
- Consolidating the institutional arrangements in a draft Green Building PMO which will be completed after the PMTE institutional arrangements and APP have been finalised.

After the National Consultative Session, the final Draft Policy will be submitted to Exco, MinTop, and MinMec for approval and implementation.

## The PMTE

The creation of the PMTE has been part of the strategy to overcome under-performance. The PMTE's key role and objective for the Efficiency Enhancement Phase is to optimise the asset portfolio to ensure improved and effective and cost saving service delivery. This will be achieved by improving access to and the quality of public buildings, by utilising the State's unutilised properties productively and creating funding streams for capital maintenance and improvement programmes, to extend the life-cycle of existing State's properties.

To achieve this, the key focus of the PMTE is its investment mandate which is structured to ensure lowered total cost of ownership and higher returns on investment, to adequately:

- Maintain the value of Government's assets;
- Extend the life of all Government's assets;
- Improve access to and the quality of Government's assets; and
- Advance service delivery and generate cost savings.

The PMTE has not only been geared-up to be a responsive, effective, cost saving property management entity for the State, but has the added benefit of contributing towards the National Development Plan (NDP) priorities through its operations. As set out in the NDP, the objective and mission of Government's developmental agenda is to set the country on a higher and sustainable trajectory of economic growth and increased infrastructure development. Other priorities include: resolving the energy challenge; unlocking the potential of SMMEs, co-operatives, townships and rural enterprises; growing the ocean economy through Operation Phakisa; and transformation, job creation and skills development. In this regard, the value proposition of the PMTE cannot be under-estimated.

In its commitment to the above, the PMTE aims to:

- Leverage the State's Property Portfolio to contribute towards job creation, black empowerment and skills development, mainly through the reopening of the Facilities Management Service Centres (Workshops) and bridging service delivery gaps by targeting and engaging Co-ops, SMME's and Turnkey Solutions procurement in the provision of construction, facilities management, and property management services for unutilised state owned properties. In this regard the following 5 year targets have been set:
  - 75 000 work opportunities created through construction projects
  - 60% of construction projects allocated towards BBBEE contractors
  - 25000 job opportunities created through maintenance programmes
  - 65% of Facilities Management contracts allocated towards BBBEE
- Implement strategies and redress mechanisms towards energy and water savings on newly constructed buildings and reducing the energy demand on existing properties. Immense gains have already been achieved through the incorporation of energy efficiency into the building design and energy efficient technologies (Smart Metering and Lighting) into existing buildings. In this regard the following 5 year targets have been set:
  - 1,628,500,000 kilowatt-hour (Kwh) reduction in usage achieved on energy consumption
  - 23,843,634 kilolitre -(kl) reduction in usage achieved on water consumption

- Reclaim the mandate of Public Works, and take control of – and develop – small proclaimed harbours as well as harbours that are not yet proclaimed. This has implications for the better utilisation of the State's resources to promote economic development and job creation. The Admiralty Land, for which Public Works is responsible, will be treated similarly. The PMTE as the State's infrastructure development organ will play a pivotal role in the development and modernisation of small harbours in stimulating the South African maritime economy. This also includes the development of Government Precincts in small towns and rural areas. In this regard the following 5 year targets have been set:
  - 40 precinct development proposals integrated into municipalities Spatial Development Frameworks (SDF);
  - 80% of investment decisions approved to support Operation Phakisa (marine/aquaculture projects);
  - 80% of investment decisions approved on proclaimed fishing harbours; and
  - Audit of all state coastal reserves under the custodianship of Public Works.
- In addition to the above, the PMTE further aims to:
  - Clarify the BBBEE policy and its application to leasing-in, leasing-out, Real Estate Management, Construction, Facilities Management and planned maintenance;
  - Safeguard the State's assets from vandalism, theft and land invasion; and
  - Reclaim all misappropriated State land through the Bring Back Campaign.



## 2.4 LINKING PERFORMANCE WITH BUDGETS

Table 8: Linking Performance with Budgets

	2014/15				2013/14		
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % %	Final Appropriation R'000	Actual Expenditure R'000	Expenditure as % %
Administration	1 179 272	1 174 805	4 467	99.6%	1 132 506	1 099 051	97.0%
Immovable Asset Management	2 829 033	2 758 122	70 911	97.5%	2 967 632	2 862 229	96.4%
Expanded Public Works Programme	1 946 480	1 925 580	20 900	98.9%	1 937 277	1 931 690	99.7%
Property And Construction Industry Policy Regulations	34 336	31 363	2 973	91.3%	36 682	32 758	89.3%
Auxiliary And Associated Services	132 199	132 168	31	100.0%	101 164	96 926	95.8%
<b>Totals</b>	<b>6 121 320</b>	<b>6 072 038</b>	<b>99 282</b>	<b>98.4%</b>	<b>6 175 261</b>	<b>6 022 654</b>	<b>97.5%</b>

The Departmental spending for the period under review is R6.022 billion which represents 98% of the adjusted budget of R6.121 billion. The variance of R99 million is attributed to underspending on compensation of employees, goods and services and buildings and other fixed structures.

Spending per programme and economic classification is discussed below:

- **Programme 1: Administration**

The under spending of R4.5 million in Programme 1 relates to the following:

- Compensation of employees' under spending of R3.7 million due to vacant positions in the last quarter of the financial year.
- Goods and services under spending of R340 000 was as a result of invoices received late and reported as accruals.
- Transfers and subsidies (for household) under spending of R436 000 was due to lesser commitments for leave gratuities made in the current financial year.

- **Programme 2: Immovable Asset Management**

The underspending of R71 million in Programme 2 relate to payments for capital for buildings and other fixed structures due to a delay in implementing infrastructure projects timeously. This resulted in payments being made late under PMTE and not being recovered from the department. The department is engaging with National Treasury for the reallocation of these funds to the PMTE in line with the transfer of functions as funds have already been spent.

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

The under spending of R21 million in Programme 3 is mainly due to the following:

- Compensation of employees underspending by R17 million was due to vacant positions within EPWP that were only filled in the latter part of the financial year.
- Goods and services was underspent by R2.8 million by the end of the financial year. Commitments and accruals relating to unspent funds were reported at the end of the financial year.
- Transfers and subsidies was under-spent by R1.2 million, and related to transfer payments to Provinces for EPWP Integrated Incentive Grant. Funds were withheld for 2 Limpopo Provincial Departments due to non-compliance to the Division of Revenue Act by the provinces. Approval for the withholding of funds was granted by National Treasury.

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

Under spending of R3 million in Programme 4 is due to the following:

- Compensation of employees underspending of R1 million was due to vacant positions within the branch of which some of the posts were only filled in the latter part of the financial year.
- Goods and services underspending of R12.7 million included an original R11 million budget allocation to Agrément South Africa which was subsequently paid from transfers and subsidies. The expenditure for Agrément South Africa under transfers and subsidies is classified as irregular expenditure as the organisation is not a registered legal persona.
- Transfers and subsidies over spending of R10.8 million was attributed to the payment made to Agrément South Africa.

- **Programme 5: Auxiliary and Associated Services**

Expenditure was 100% in this Programme.

## 2.5 TRANSFER PAYMENTS TO PUBLIC ENTITIES

Transfer payments to Public Entities

This table relates to Public Entities who received funding from the department.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Council for the Built Environment	The mission of the Council for the Built Environment (CBE) is to implement projects and programmes that address built environment issues and add value to the built environment professions, government and the general public. The CBE's mandate is to: promote and protect the interests of the public in the built environment; promote and maintain a sustainable built environment and natural environment; promote ongoing human resource development in the built environment; facilitate participation by the built environment professions in integrated development in the context of national goals; promote appropriate standards of health, safety and environmental protection within the built environment; promote sound governance of the built environment professions; promote liaison in the field of training	R41,572,000	R41,572,000	<p>150 learners reached through maths and science. Maths average was 60.71% for the December exams, and for Science it was 59.75%. The project will continue into 2015 with plans to spread the work into other provinces. Currently the programme was rolled-out in the following four provinces: Gauteng (with two contact centres in Johannesburg and Pretoria); North West (with two contact centres in Brits and Rustenburg); Limpopo (with two contact centres in Vhembe and Polokwane) and the Free State (with one contact centre in Bloemfontein).</p> <p>This project was started in the 2014/15 financial year to oversee quality workplace training of 50 BE candidates, using the CBE developed quality assured structured candidacy framework. A total of 53 candidates are participating in the CBE Workplace Training programme and all are currently placed with host workplace training employers.</p> <p>The objective of the internship component is to place University of Technology students with employers for the completion of the workplace experience component in fulfilment of their diploma qualifications. A total of 101 interns are currently placed with host workplace training employers. The CBE changed its focus from Public Sector to Private sector due to the slow progress of finalising internal processes at ESKOM, SANRAL and Department of Water Affairs. The challenge with the public departments and parastatals was that they preferred to only offer training workplace and not become host employers.</p>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
	<p>in South Africa and elsewhere, and to promote the standards of such training in the country; serve as a forum where the built environment professions can discuss relevant issues; and ensure uniform application of norms and guidelines set by the Professional Councils throughout the built environment.</p>			<p>The annual target was to produce one report on the skills needs regarding built environment graduates and professionals required to support government's infrastructure delivery programme. The specific topic for this project was research on benchmark analysis of approaches through which BE skills (graduates and professionals) can be attracted, developed and retained within the public sector for infrastructure delivery. An output to this target is a research paper entitled 'A benchmark analysis of alternative approaches to attract, develop and retain BE professions in three government spheres'.</p> <p>The other project that supports this deliverable is the skills development initiatives for Strategic Infrastructure Projects (SIPs), focussing on scarce / high priority professional skills in Engineering, Construction &amp; Project Management, Quantity Surveying, Landscape Architecture, Town Planning, Geographic Information Scientists (GIS) and Land and Engineering Surveying. One report on the skills needs required to support government delivery programme through the Strategic Integrated Projects (SIPs) was completed by 31 March 2015</p> <p>3. This project seeks to promote the implementation of labour intensive construction techniques by BEPs and the incorporation of such techniques in the BE curriculum. The project directly responds to the CBE's annual target of one project on supporting government's job creation priorities. The target for the fourth quarter was to produce a final research report on Labour Intensive Construction research and engagement with BEPs. The report was finalised in the third quarter and a project implementation plan developed.</p>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Construction Industry Development Board	<p>Programme 1: Construction Registers Services (CRS) - Implement, manage and improve national registration services covering the Register of Contractors (RoC), Register of Projects (RoP) and new Registers that may be implemented in terms of the cidb Act.</p>	R77, 212,000	R77, 212,000	<ul style="list-style-type: none"> <li>• There were 19,769 Grade 2 to 9 applications received for the financial year of which 19,063 applications were processed within a period of 21 working days.</li> <li>• A total of 3,295 queries were received for the financial year and all were administered within the stipulated turnaround time of two working days.</li> <li>• There were 762 enquiries related to the usage of Register of Projects received for the financial year and all of them were administered within a period of two working days from the time of receipt</li> <li>• There were 1,263 data capture errors recorded in the financial year and out of this total, 1,247 were corrected within a period of 10 working days.</li> <li>• Fraud Prevention and Detection Plan was developed for the Construction Registers Service (CRS) staff.</li> <li>• Regulation Amendments recommendation report was developed and submitted to DEPARTMENT Policy Unit for endorsement.</li> </ul>
	<p>Programme 2: Construction Industry Performance (CIP) - To determine, establish and promote appropriate measures aimed at improved performance and best practice of public and private sector clients, contractors and other participants in the construction delivery process</p>			<ul style="list-style-type: none"> <li>• Feasibility of establishing Best Practice Financial and Project Management System was developed.</li> <li>• Regulation Amendments scoping document for cidb Best Practice Project Assessment Scheme was developed.</li> <li>• Assessment Report on state of implementation of cidb Best Practice Project Assessment Scheme was produced.</li> <li>• Framework for Register of Professional Services Providers was developed and submitted to DEPARTMENT and Board for endorsement.</li> <li>• cidb criteria for Recognition SDA's was developed and approved by EXCO.</li> <li>• Business Plan Plan for establishing WorldSkills ZA Construction Chapter was developed.</li> <li>• Construction doctoral workshop was held on 4 February 2015 at the University of Cape Town.</li> <li>• 4 x cidb Quarterly Monitor were published in pdf format on cidb web in 2014/15 (end-Apr, Jul, Oct, Jan).</li> <li>• 4 x cidb Compliance Monitor published in pdf format on cidb web 2014/15 (end-Apr, Jul, Oct, Jan).</li> </ul> <p>2013 quarterly cidb SME Business Conditions Survey were published on cidb website.</p>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
	<p>Programme 3: Procurement and Delivery Management (PDM) - Develop, promote and monitor uniform application of cidb prescripts throughout all organs of state and industry stakeholders including procurement standards, construction procurement reform, improved infrastructure delivery management practices and the cidb Code of Conduct</p>			<ul style="list-style-type: none"> <li>The prescript for Gateway Reviews has been developed but it will only be implemented after National Treasury has approved the gateway standards.</li> <li>Review and revision of Part 5 of cid regulations was finalised and submitted to DEPARTMENT for endorsement.</li> <li>Review and revision of the cidb Standard for Uniformity was concluded and submitted to DEPARTMENT for approval.</li> <li>9 x CPO Forums were hosted by the end of February 2015.</li> <li>2 x industry focus group meeting on revision of the SFU held by the end of March 2015.</li> <li>9 x Training and Capacitation Sessions held by the end of March 2015.</li> <li>Final model developed and prescripts for Competence Standards incorporated into the Standard for Uniformity submitted to DEPARTMENT by end of March 2015.</li> <li>Annual report on Implementation of Compliance strategy was produced by end March 2015.</li> </ul> <p>Draft prescripts for transparency requirements were incorporated into the Standard for Uniformity document.</p>
	<p>Programme 4: Provincial offices and Contractor Development (PCD) - To develop and promote measures that assist organs of state in the planning, decision making, implementation and monitoring of contractor development.</p>			<ul style="list-style-type: none"> <li>All provinces reached the 60% target of capacitating municipalities on NCDP.</li> <li>2 Analysis reports on Contractor Development Programmes (CDP's ) have been tabled to National Contractor Development Programmes Supply Chain Management (NCDP SCM ) and a minimum of 2 municipalities in every provinces have been trained by end March on the CDP guidelines E-Learning system and Provincial Contractor Development Forum's (PCDF).</li> <li>All clients subscribed to the registration of cidb electronic monitoring and evaluation system exceeding the target set of 90%.</li> <li>An average performance of 92% against the target of 85 were achieved on Grade 1 compliant registrations activated within 2 working days turnaround time from time of receipt.</li> <li>All provinces have held two PCDF by end 31 March 2015.</li> </ul>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Independent Development Trust	Programme and project management.	R50,000,000	R50,000,000	<p>With respect to Programme 1, nine (9) achievements have been recorded with respect to the following targets:</p> <ul style="list-style-type: none"> <li>• Number of governments departments supported: 44 out of the targeted 40, representing a 110% achievement level;</li> <li>• Value of programme spend: R6.36 billion. out of the targeted R7bn., representing a 91% achievement level;</li> <li>• Percentage of BBBEE spend: 67% (R4.287 billion) relative to the target of 65% (R4.13 billion), representing 103% of expected performance level.</li> <li>• No. of EPWP-NSS work opportunities created: 53,268 relative to the target of 50,000, representing a 106.5% achievement level;</li> <li>• Number of EPWP cooperatives, NPO's and CBOs supported: 378 out of a target of 320, representing a 118% achievement level;</li> <li>• Value of contracts awarded to women contractors as a percentage of actual programme spend: R1.72 billion. out of a target of R1.4 billion. (translating to 27% relative to a target of 20% of value of contracts awarded), representing a 135% level of achievement;</li> <li>• Value of contracts awarded to youth contractors as a percentage of actual programme spend: R1,08 billion. out of a target of R1.05 billion. (translating to 17% relative to a target of 15% of value of contracts awarded), representing a 113% level of achievement;</li> <li>• Percentage of women contractors participating in the Contractor Development Programme: 67% out of the targeted 75% level of women participation in the CDP, representing an 89% achievement level; and</li> <li>• Percentage of contracts awarded to contractor development participants as a percentage of programme spend: 3.5% (R225 million) relative to the target of 4% (R280 million), representing an 87.5% level of achievement</li> </ul> <p>Two (2) under-achievements have been recorded with respect to the following Programme 1 targets:</p> <ul style="list-style-type: none"> <li>• Number of new/replacement schools: 42 relative to the target of 50, representing a 84% achievement level; and</li> <li>• Number of work opportunities created through the IDT Portfolio: 20 983 out of a target of 35,000, representing a 60% achievement level.</li> </ul>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
				<p>The Organisation performed relatively well with respect to all, but one of its twelve (12) targets under Programme 2, as recorded below:</p> <ul style="list-style-type: none"> <li>• Fully compliant organisation: Effective performance level;</li> <li>• Unqualified Audit (audit action plan approved and implemented): Effective performance level (final outcome subject to conclusion of the audit exercise);</li> <li>• Risk Management (RM) Framework implemented: Effective performance level;</li> <li>• Functioning and Effective Board and Committees: Effective performance level;</li> <li>• Human Resource Plan Reviewed and Implemented: Effective performance level;</li> <li>• Internal organizational refocus and streamlining plan approved and implemented: Plan reviewed and considered by the Board, incremental decisions made. Represents effective performance.</li> <li>• Efficiency level: 6% out of a targeted 6.5%, representing a 138% performance level;</li> <li>• Average Management fees billed: 5.9% out of targeted 5%, representing 118% performance level;</li> <li>• Communications and Stakeholder Management Strategy Implemented: Effective performance; and</li> <li>• No of comprehensive strategic and operations research projects Comprehensive research projects completed: 5 out of 5 reports produced, representing a 100% achievement level. Effective performance.</li> </ul> <p>One (1) under-achievement has been recorded with respect to Programme 2: Improvement in cost recovery levels: The recovery rate moved from 6.1% (R402, 852) to 5.44% (R376 408) signalling a 12% decrease in average management fees billed between 2013/14 and 2014/15 FY as a result of renegotiated fees by Clients subsequent to the issuing of the National Treasury Instruction No. 4 of 2014/15.</p>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Agrément South Africa.	<p>South African centre for the assessment and certification of innovative non-standardised construction products, systems, materials, components and processes, which are not fully covered by a South African Bureau of Standard standard or code of practice. Innovative construction systems are assessed in accordance with Agrément South Africa approved criteria which could include the following aspects of assessment.</p> <ul style="list-style-type: none"> <li>• structural strength &amp; stability</li> <li>• water penetration and rising damp</li> <li>• thermal &amp; energy performance</li> <li>• performance in fire</li> <li>• quality management system</li> <li>• National Building Regulations</li> <li>• condensation</li> <li>• acoustic performance</li> <li>• accuracy in building</li> <li>• durability</li> </ul>	R 11,021,000	R 11,021,000	<p>Successful certification of innovative construction technologies for which there are no national standards. Technical conduit to new and improved standardized building materials.</p> <ul style="list-style-type: none"> <li>• Improved performance of infrastructure due to advancements in products &amp; building systems</li> <li>• Leads to improvement of existing products</li> <li>• Leads to doing more with less</li> <li>• Helps delivery of infrastructure at a faster &amp; cheaper rate</li> <li>• contribute to accelerated infrastructure development</li> <li>• Reassurance of fitness of purpose</li> <li>• Authoritative assessment of system performance</li> <li>• Can effectively address housing backlog</li> </ul>

## 2.6 CONDITIONAL GRANTS

### *Conditional grants and earmarked funds paid*

**Table 9: EPWP integrated grant paid to provinces during the period 1 April 2014 to 31 March 2015**

Departments to the grant has been transferred	The grant has been transferred to eligible departments in nine provinces
Purpose of the grant	<ul style="list-style-type: none"> <li>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</li> <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>
Expected outputs of the grant	<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> </ul>
Actual outputs Achieved	17,552 FTEs created
Amount per Amended DoRA (R'000)	R348.947
Amount Transferred (R'000)	R347.704
Reasons if amount as per DoRA not transferred	The amount of R1.243 million was not transferred to two departments in Limpopo due to lack of spending and non-compliance to DoRA. The departments failed to spend amount already transferred.
Amount Spent by the provincial departments (R'000)	R319.767
Monitoring Mechanism by the transferring departments	The conditional grant is monitored through the monthly expenditure reports, site verification visits and reports on the EPWP reporting system.

- Transfer payments were not all made as original scheduled as some payments were withheld due to lack of compliance by provincial departments. However, approval to amend payment schedule was requested from National Treasury and it was granted.
- The department did not retain any portion of the grant for administration cost.
- Payments were withheld for the following reasons
  - Late submission of signed incentive agreements and projects list
  - Lack of spending the transferred amount
  - Non- submission of In Year Monitoring report

**Table 10: EPWP integrated grant paid to Municipalities during the period 1 April 2014 to 31 March 2015**

Municipalities whom the grant has been transferred	The grant has been transferred to 274 public bodies ( Local municipalities, District municipalities and Metros)
Purpose of the grant	<ul style="list-style-type: none"> <li>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: <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 sewer reticulation, sanitation, pipelines (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 programme</li> <li>health service programme</li> <li>community safety programme</li> </ul> </li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>Increased number of people employed and receiving income through the EPWP</li> <li>Increased average duration of the work opportunities created</li> <li>Increased income per EPWP beneficiary</li> </ul>
Actual outputs Achieved	14,128 FTEs created
Amount per Amended DoRA (R'000)	R594.575
Amount Transferred (R'000)	R594.575
Amount Spent by Municipalities (R'000)	R434,699
Reasons for the funds unspent by Municipalities	The conditional grant is aligned to financial year of municipalities, unspent amount still be spent during the last quarter of municipal financial year.
Monitoring Mechanism by the transferring departments	The conditional grant is monitored through the monthly expenditure reports, site verification visits and reports on the EPWP reporting system.

- Transfer payments were not all made as original scheduled as some payments were withheld due to lack of compliance by provincial departments. However, approval to amend payment schedule was requested from National Treasury and it was granted.
- The department did not retain any portion of the grant for administration cost.
- Payments were withheld for the following reasons
  - Late submission of signed incentive agreements and projects list
  - Non- submission of monthly expenditure report
  - Lack of spending the transferred amount

**Table 11: EPWP Social Sector Incentive grant paid to provinces during the period 1 April 2014 to 31 March 2015.**

Departments to the grant has been transferred	The grant has been transferred to eligible departments in nine provinces
Purpose of the grant	To incentivise provincial social sector departments identified in the 2013 Social Sector EPWP Log-frame to increase job creation by focusing on the strengthening and expansion of social service programmes that have employment potential
Expected outputs of the grant	<ul style="list-style-type: none"> <li>Improved service delivery to communities by expanding the reach and quality of social services</li> <li>Improved quality of life of unemployed people through employment creation and increased income</li> <li>Contribute towards decreased levels of unemployment</li> <li>Improved opportunities for sustainable work through experience and learning gained</li> <li>Strengthened capacity of non-government delivery partners through increased access to funds for training, wages and administration</li> </ul>
Actual outputs Achieved	<p>13, 346 FTEs created  647 NPOs were supported administratively  705,540 Households received social services  1,336,811 People (ECD children, learners and patients) received social services</p>
Amount per Amended DoRA (R'000)	R 257.972
Amount Transferred (R'000)	R 257.972
Reasons if amount as per DoRA not transferred	
Amount Spent by the provincial departments (R'000)	R 247,212
Monitoring Mechanism by the transferring departments	The conditional grant is monitored through the monthly expenditure reports, site verification visits and reports on the EPWP reporting system.

- Transfer payments were not all done as original scheduled as some payments were withheld due to lack of compliance by provincial departments. However, approval to amend payment schedule was requested from National Treasury and it was granted.
- The department did not retain any portion of the grant for administration cost.
- Payments were withheld for the following reasons
  - g. Non- submission of in year monitoring report
  - h. Lack spending the transferred amount.
  - i. Late submission of signed incentive agreements and business plans

## 2.7 CAPITAL INVESTMENT

The refurbishment and upgrade of Agrivaal Building with a contract value of R458 million is 71.05% percent complete. The project is scheduled, for completion on 3 August 2015. This new building will feature a 4-green star rating and will be home to the DPSA.

### *Salvokop*

- Phase I for the provision of bulk infrastructure Services to support the new Head office development of Stats SA is underway. The first phase bulk infrastructure services are due for completion on 30 November 2015 at a cost of R55 million.
- Application for Township Establishment and proclamation of Salvokop Extension 4 was submitted to the local authority on 30 September 2014. All requirements except for noise impact study requires conclusion. The current planning of ICR makes provision for eight (8) new head offices for government department in Salvokop Extension 4. Consent use approval has been obtained from the local authority for development rights on a portion of Salvokop Extension 4.

### *Polokwane, Government Precinct*

- A state owned site has been identified and concept design concluded for identified Government Departments to develop a consolidated government precinct. Within the municipality, Council resolution in support of such a precinct was obtained and a Service Level Agreement is under consideration for signature by both the City and Department.
- Sign off of needs assessments for the construction of new office accommodation has been received from identified User Departments.
- Further, this project has been registered on the infrastructure programme for this financial year to proceed into design and documentation, with the Department Regional office of 32 000m<sup>2</sup> prioritised for development.

In terms of small towns and rural Precincts, planning to develop a precinct for government services across all three spheres has advanced for the following small towns and rural Municipalities in alignment to Outcome 7 Comprehensive Rural Development:

### *Vredenburg*

- Master planning for the precinct based on strategic studies of the needs of service departments has been completed.

### *Christiana*

- land to develop a government precinct has been identified and supported by the local authority by way of a Council resolution. Whilst the processing and acquisition of land for development is transpiring, a concept design for the precinct, with volumetric study designs for the buildings, has been completed.

### *KwaMhlanga*

- land for the development of government precincts has been identified and proposals for the creation of a precinct have been made to the local authorities.

## Capital Projects Performance

By the end of the financial year, the Department spent 82% of the R316 million adjusted budget for DPW's Capital Projects and 86% of the R1.727 billion budget for PMTE Capital Budget. There were 180 projects that were completed by end of the reporting period.

The Department has, previously, underspent the Budget Allocations allocated for DPW's Capital Vote and Clients' Capital Programmes. This was attributable to a variety of challenges, which are summarised as follows:

- In-adequate human resources across the infrastructure delivery value chain. This affected the ability of the Department to manage the projects at the different stages of delivery and resulted in compromising the quality of service to the User Departments;
- Poor planning and misaligned infrastructure budgeting processes by both DPW and User Department which sometimes resulted in allocations exceeding the commitments;
- Limited capacity to deliver infrastructure in the electrical, mechanical, civil & structural engineering; architectural and project management disciplines,
- Poor performance by certain contractors which resulted projects not being completed on time and the cancellation of contracts.

The following are some of the interventions put into operation to deal with the above-mentioned challenges:

- The establishment of the SCM War Room, which tracked and monitored the projects during the evaluation and adjudication stages;
- The Institutionalisation of the Infrastructure Delivery Management System (IDMS), which included a review of the processes and systems. In this regard, the following is noted :
  - The establishment of a National Steering Committee for IDMS for both DPW and the Provincial Public Works; and
  - The IDMS Workshop which was held during September 2014, under the auspices of the Director General. The workshop was attended by senior management of the DPW and the Provincials Departments of Public Works. The Workshop was used as a platform to engage stakeholder on the IDMS, processes of infrastructure delivery, progress and to determine the way forward for the DPW to expedite implementation.
- The establishment of Joint Teams, between the Department and other National Departments (ie, SAPS, DCS, DOJ, DOD and DHA) which were tasked to identify and unblock challenges; and
- Discussions with professional bodies, e.g., CESA, to assist with the recruitment of retired professionals who would be tasked with mentoring young professionals and graduates.

Progress achieved on the maintenance of infrastructure (planned maintenance expenditure).

- The entire planned maintenance portfolio had an allocation of R 2,126,616,045.00 of which 99% was spent.
  - The quantum in money value in relation to performance (expenditure) demonstrates the passion and interest of the Department to provide habitable office and living accommodation conditions in State properties. The Department is continuing with the maintenance of facilities while focusing on projects that are in the planning phase to ensure that they move to implementation as soon as possible.
- Major maintenance projects that were undertaken during the period under review.
  - Major projects in this context refer to the projects with a minimum construction value of R20 million. As at the end of 2014/15, the Department had a total of 68 projects at construction stage in that category with a total allocation of R 817,463,838.00.

In the year under review, the Department has approved the demolition of a number of buildings on 9 facilities across the country. These buildings had either reached the end of their lifespan or were no longer operational and beyond economical repair. In the main, and following extensive investigation in each instance, their demolition will make way for redeveloped facilities, in line with current and future User requirements.

During the period under review, two (2) properties, measuring 0.266 hectares in extent (for one property the exact extent to be released will be determined once development plans are finalized) have been disposed for Human Settlements purposes. One (1) property, measuring 8.995 hectares has been approved for release for Land Reform purposes. A number of other requests, in this regard, are being finalized for consideration for release in the forthcoming financial year.

**Table 12: The current state of the Department's capital assets, for example what percentage is in good, fair or bad condition.**

Department	Condition of State Owned Buildings										Total	
	(Number and Percentage)											
	Very Good		Good		Fair		Poor		Very Poor			
	C5		C4		C3		C2		C1			
Defence	1	0%	274	30%	490	54%	96	11%	51	6%	912	100%
Correctional Services	1	1%	11	6%	151	80%	20	11%	5	11%	188	100%
Justice	10	1%	51	8%	461	69%	146	22%	4	1%	672	100%
Other Clients Combined	7	2%	86	23%	250	67%	21	6%	6	2%	370	100%
SAPS	39	3%	142	10%	952	68%	254	18%	9	1%	1,396	100%
Unutilized	0	0	0	0	0	0	0	0	394	100%	394	100%
<b>TOTALS</b>	<b>58</b>	<b>8%</b>	<b>564</b>	<b>17%</b>	<b>2304</b>	<b>48%</b>	<b>537</b>	<b>20%</b>	<b>469</b>	<b>7%</b>	<b>3,932</b>	<b>100%</b>

The table above illustrates the following:

- The number of buildings in the DPW portfolio for which high-level condition assessments were concluded in the year under review;
- The Justice Portfolio excludes condition ratings for all residential accommodation, as the audit is on-going;
- The SAPS Portfolio includes condition ratings for devolved police stations;
- The condition rating for Defense is derived from the draft UAMP) and it includes residential units;
- Unutilised buildings comprise of offices, residential units and other structures, some of which are within the complexes; and
- The DCS portfolio excludes condition rating for residential units, both within and outside the complexes.

Currently, the exact maintenance backlog in relation to the immovable asset portfolio is not known. However, the Department has a planned Maintenance Implementation Programme in place, comprising funded maintenance projects. It has also identified a number of maintenance projects for which funding is not yet available. Following the recent physical verification of the portfolio, during the Immoveable Asset Register Enhancement Programme, a number of immovable assets were found to be in very poor (C1) to poor (C2) condition. In an attempt to quantify and reduce the maintenance backlog moving forward, the Strategy will be to prioritize C1 and C2 immovable assets for inclusion into the Maintenance Programme, on an annual basis. In the establishment of the PMTE, Program 6 has been established to drive Facilities Management of the Immoveable Asset Portfolio. In the 2015/16 year, the key objectives of this programme will include

ensuring scheduled maintenance of freehold property, energy and water efficiency management in freehold property, the repair of freehold components and the undertaking of unscheduled maintenance on freehold properties. These initiatives will significantly contribute to a reduction of the maintenance backlog into the future.



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# CHAPTER 3

## GOVERNANCE

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## 3.1 Overview of Governance

The formation of the Governance, Risk and Compliance Branch during August 2014 sought to address a number of governance related challenges that the Department is confronting. The branch is largely an amalgamation of a number of former direct reports to the Director-General that includes the Strategic Management; Monitoring and Evaluation; and Anti-Corruption Units, as well as the Inter-Governmental Relations and Secretariat functions in the department. During the year under review the branch has commenced with a range of initiatives from improving the quality and integration of strategic planning, risk management and performance monitoring; improving the management of inter-governmental relations and oversight of the public entities, improving the functioning of departmental governance structures and arrangements; and developing a holistic approach to combatting fraud and corruption in the Department.

### *Risk Management*

Risk Management in the Department was regulated by a comprehensive Risk Management Policy. During the reporting period the Policy was reviewed and comments received from members of the Risk Management Committee (RMC), and from the independent Audit and Risk Management Committee (ARMC) in May 2015, before being adopted by EXCO during the same month.

The Department also conducted its annual risk assessment processes to establish the level of risk exposure for the Department and conducted risk monitoring on a quarterly basis to assess the implementation of action plans designed to mitigate risks and minimize risk exposure. Emerging risks were consequently identified during the monitoring process, as well as a result of changes in the departmental operating environment, and the risk profile of the Department accordingly updated. In this regard the Department has identified both Strategic and Operational risks as part of its planning processes.

The Department had a functional Risk Management Committee (RMC) which met on quarterly basis in terms of its Charter. The Committee was chaired by an independent Chairperson appointed in accordance with the National Treasury Public Sector Risk Management Framework. The resolutions of the RMC were reported to the EXCO and the ARMC for further discussions and decision making.

The Audit Committee was responsible for oversight of the Department's control, governance and risk management and provided an independent and objective view of the Department's risk management effectiveness during the reporting period. The Committee added significant value through its monitoring of the risk management processes of the department and provided valuable advice to management on improving the effectiveness of risk management during its standing engagements with the department.

Although the level of maturity had been assessed as hindering the effectiveness of the risk management processes in the Department, a number of initiatives including training and placing risk management at the centre of the management agenda have been undertaken to reverse this trend and improve the understanding of the value an effective risk management system, increase the assumption of accountability for identified risks, and enhance the levels of synergy and integration between regional offices and branches in Head Office from a risk management perspective. In this regard the Department will focus its attention in the year ahead on further developing a model of risk management that seeks to achieve the objectives of combined assurance, increase the level of reliance placed by internal audit on risk management outcomes, integrate risk management with planning, and improve the level of buy-in from management by creating more awareness campaigns. These interventions are designed to enhance the level of risk maturity in the medium-term and establish risk

management as a core tool to assist management in achieving the strategic goals of the Department.

## **Strategic Planning**

The Department undertook a review of its planning processes during the 2014/15 financial year and introduced a structured framework for strategic planning in compliance with the applicable regulatory framework. The framework, which establishes strategic planning as a key management tool in pursuing the goals and objectives of the Department, has informed the 2015-2020 Strategic Plan aligned to the MTSF and the NDP. In June 2014 the Minister presented the strategic policy priorities for the medium-term to the Department and Public Entities reporting to the Minister. This initiative set in motion the process for the development of the relevant Strategic and Annual Performance Plans for the Department, PMTE and its Public Entities which were tabled in March 2015. During the year under review, the Department was also required to prepare separate plans for PMTE, marking another milestone toward the operationalization of the PMTE.

An important aspect of the planning reforms undertaken has been the integration of risk management into the planning processes of the Department. In this regard, management has accorded more importance to identifying strategic and operational risks that impede the achievement of their strategic and immediate goals for the mitigation of risks.

The Department made significant progress in measuring the appropriate outcomes and outputs that it is responsible for by improving the quality of its performance indicators amidst the turnaround in its operational environment. These improvements noted will be carried forward as the Department builds on the foundation already established in the revised planning process initiated during the year under review.

## **Governance arrangements for Executive Management**

In an endeavour to improve its functioning, the Department adopted a Policy Framework for the management of its top governance structures and introduced a number of committee structures reporting to the Executive Committee for both the Department as well as the PMTE. These initiatives were designed to both aid the operationalization of the PMTE, as well as to improve executive management decision-making and management accountability. Although these objectives have been achieved to a large extent from a governance perspective - as demonstrated in the perfect rating achieved by the Department through the MPAT process, the Department is committed to improving performance in this area, especially as regards the efficient functioning of its governance processes.

## **Oversight of Public Entities**

The Department conducted quarterly oversight engagements with the Public Entities during the year that focused on both planning processes as well as monitoring and evaluation of their performance as articulated in their respective Strategic and Annual Performance plans. This has enabled the Department to oversee the performance of the Public Entities and achievement of their strategic objectives, and to intervene where performance as well as governance related challenges are identified. In varying degrees, the Department also oversaw and administered the appointment of the management boards of the Public Entities in support of the Minister in accordance with relevant legislation governing these entities. While these quarterly, as well as ad-hoc encounters during the year have been fruitful, the Department is seeking to continually improve the quality and outcomes of these engagements. In this regard, the Department will assume greater responsibility in overseeing the planning processes of the Public Entities in the year ahead. This will allow the Department

to place itself in closer proximity and to influence the operations of the Entities as a mode of delivery of critical outcomes in the NDP within the construction and property sectors.

## ***Fraud and Corruption***

The Department reviewed its Fraud Prevention Strategy and the Anti-Fraud and Corruption Policy as well as developed a Whistle-Blowing Policy during the year. These policies were adopted by EXCO and approved by the Director-General during April 2014. The Fraud Prevention Strategy outlines a high level plan on how the Department of Public Works will go about implementing its fraud prevention program.

Within this policy framework, the Department adopted and implemented a 4 component strategy in response to managing Fraud and Corruption within the Department that includes:

- Prevention – Education and Awareness, Policies and Procedures, Ethical Culture etc.
- Detection – Promoting Reporting Mechanisms, Internal Audit, Register of Allegations
- Investigations – Internal, and/or Out-sourced (SIU and Private Firms)
- Resolutions – Implementation of systemic recommendations, Disciplinary Action, Civil and/or Criminal Actions

This signified a holistic approach to combatting fraud and corruption in the department that sought to extend the strategy beyond the traditional element of investigation. In seeking to develop a robust and responsive fraud prevention plan the Department conducted a comprehensive fraud risk assessment during the 2014/15 financial year. The results of the risk assessment were then used to develop a Fraud Risk Register. The Fraud Risks identified were disseminated to the Branch heads for incorporation into their Units' business plans and accountability for risk mitigation, in the individual performance agreements of branch heads. The Department accordingly developed fraud index to measure fraud and corruption risks. In this regard risk owners are expected to mitigate fraud risk within their respective areas of responsibility and to report quarterly on their action plans to mitigate these risks.

## ***Mechanisms in place to report fraud and corruption***

During the year under review the Department continued to promote the use of the National Anti-Corruption Hotline (NACH) administered by the Public Service Commission for confidential reporting of incidents of fraud and corruption. The promotion of the NACH further enhanced the integrity of the reporting process. This has enabled members of the Public and other interested parties to anonymously report incidents or suspicion of incidents of fraud and corruption to the NACH. Reports logged with the NACH were directed to the Department for further attention. In this regard the Department has been compelled to provide a report/outcome of the investigation and resolution attained in as far as the allegation reported is concerned.

The Department further promoted other internal reporting mechanisms such as the use of intranet/internet portals to report incidents directly to the Minister, Deputy Minister and Director-General. Internal officials and contractors also encouraged to report incidents of fraud and corruption using these channels. Where matters were reported or referred to the Anti-Corruption Unit, complainants were notified (where known) of the receipt of their complaints/allegations and provided with a reference number for future tracking purposes and to provide feedback on the outcome of their referrals. In this regard, the Department received allegations pertaining to fraud and corruption from various sources/ stakeholders during the year, in a form of reports from members of the public (NACH), officials, management requests, AGSA Reports and Internal Audit etc.

The process below constituted the steps followed once an allegation report was received by the Governance, Risk and Compliance Branch:-

- Upon receipt of the report the allegation was recorded in the Register of Allegations for tracing purposes; the allegation received was then be submitted to an Assessment
- Committee comprising of five (5) Committee Members to assess the allegation reported within 30 days of receipt in order to establish whether or not it fell within the mandate of the Anti-Corruption Unit;
- Based on the assessment conducted, allegations that fell outside the mandate of the Unit were referred to other Business Units for further attention. Allegations identified as having elements of fraud, corruption and/or serious maladministration were then registered on the Fraud Allegation Register and allocated a reference number;
- Subsequently, an investigation into the matter was instituted to prove or disprove the allegations made;
- After the investigation was completed a report detailing the findings of the investigation, conclusions and recommendations were submitted to the Director-General for consideration and approval of the recommendations made;
- Upon the Director-General approving the recommendations made in the investigation reports, the reports were disseminated to the relevant Branch Heads / Regional Managers to implement the recommendations made; and
- Periodic follow-ups were also made to track progress and outcomes in respect of the implementation of recommendations made through then medium of investigation reports.

A total of thirty-nine (39) cases of allegations were received in the 2014/15 financial year. Out of this, fourteen (14) cases have been completed and reports/memoranda issued to management; twenty-three (23) cases were at various stages of investigations and two (2) cases were referred to other Business Unit/SIU/SAPS. Of the fourteen (14) completed cases, five (5) disciplinary actions were recommended against officials, of these, three (3) were finalised and two (2) are pending. Of the three (3) finalised, one (1) official was suspended without pay, one (1) official was found not found guilty; one (1) official was dismissed; and four (4) cases were reported to SAPS. These cases are still under investigation.

The Governance, Risk and Compliance branch has been in operation for the latter half of the period under review. During this short period it has made significant strides towards improving identified governance arrangements in the Department within Strategic Planning and Risk Management; the management of its top Governance Structures; Oversight and Coordination of the Public Entities and the fight against Corruption. A number of important areas of its intended remit have been conducted at a rudimentary level or not at all, and include the Compliance and Service Delivery Improvement functions, both of which have not been previously undertaken at a corporate level in the Department. These initiatives will be accorded the necessary capacity and development in incremental stages over the medium term.

## **Minimising Conflict**

In an effort to root out fraud and corruption, to support the prevention of collusive practices and SCM abuse, to detect possible conflict of interest in the SCM system as well as ensure compliance to all relevant prescripts and policies, a number of controls have been established and are discussed below.

All SCM practitioners/officials involved in the SCM processes are required to annually sign a Code of Conduct for all Departmental Officials Engaged in Supply Chain Management (PA00) which specifically enjoins the relevant officials to declare in writing to the Head of Supply Chain Management Unit, to the extent required by their respective positions, any business, commercial or financial interest or any activity undertaken for financial, material and/or personal gain.

In respect of every tender/bid specification/evaluation process that an official or SCM practitioner participates in there is a requirement for the disclosure of their respective financial interest by signing a Declaration of Interest and Confidentiality form (PA 18) every time there is either a specification or evaluation meeting in relation to that particular tender.

Further to this and as part of disclosures in the quarterly financial statements all SCM practitioners are required to complete Related Party Declarations in which in detail the official is required to disclose the participation of spouses and close family members in partnerships, close corporations and/or companies.

Any official failing to adhere to this requirement by declaring his/her interest is subjected to the relevant disciplinary code. Where an official declares interest, that official is required to recuse him/herself from the relevant process.

All bidders that participate and respond to bids are required to complete a Declaration of Interest and Bidder's Past SCM Practices (PA 11) that stipulates that the bidder or his/her authorised representative declares his/her position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest, where:

- the bidder is employed by the state; and/or
- the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

## 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. In terms of the Disciplinary Code and Procedure for the Public Service and for SMS members, all employees in the Public Service have the responsibility to comply with the prescribed Code of Conduct. 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.

The Code of Conduct is a guideline to employees on what is expected of them from an ethical point of view both in their individual conduct and their relationship with others. The purpose of the Code is to enhance professionalism in the public service and help to ensure confidence in the public service.

The Code of Conduct for the Public Service serves to promote ethical and professional behavior among employees in the Public Service.

There is some degree of compliance with the Code of Conduct among employees in the Department which result in good administration and efficient management of discipline. There is also some degree of non-compliance with the Code of Conduct e.g. employees who often engage in unethical behavior such as fraud and corruption, which in turn has a negative effect on the Department because it hampers service delivery and compromises the integrity of the Department. The Department is adhering to the Code of Conduct in that employees are subjected to disciplinary processes for contravention of same.

The Code of Conduct and its explanatory Manual has been circulated to departmental users through the Communication Unit for employees to acknowledge receipt through their supervisors/ managers.

Presentations of the Code of Conduct took place during the induction of new employees (Learners, Interns and Young professional) in the Department. A Workshop on the Code of Conduct was also conducted at the Mmabatho Regional Office.

## ***The process followed for breaches of Code of Conduct***

The Department follows the disciplinary processes contained in both the Disciplinary Code and Procedure for the Public Service and for SMS members to deal with any breach of the Code of Conduct for the Public Service.

The Code of Conduct read with the Disciplinary Code and Procedure for the Public Service and for SMS members serve as basic rules that the employer relies on during disciplinary hearings to prove that employees have committed misconduct since most acts of misconduct committed amount to contravention of the code.

In terms of the Disciplinary Code and Procedures for the Public Service and for SMS members, any contravention of the Code of Conduct for the Public Service is an act of misconduct; therefore employees are subjected to disciplinary processes in that regard.

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

Since the Department is the custodian of State property and involved in construction projects, health and safety issues become a priority. The Department has a responsibility to provide for the Health and safety of persons in connection with the use of plants and machinery; and the protection of persons other than persons at work against hazards to health and safety out of or in connection with the activities of persons at the work.

Therefore, it is critical for the Department to view health and safety issues as a high priority and set high standards around health issues.

The operations of the Department are guided by the Occupational Health and Safety Act 85 of 1993 (OHSA) which state that every employer "shall provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of his employees. This refers in particular to:

- Taking such steps to eliminate or mitigate any potential hazard
  1. Ensure adherence to the requirements of the OHSA
  2. Taking all necessary measures in the interest of health and safety including the establishment of Health and safety committees

The Department conducts inspections in various properties, both state and leased, including projects which are under construction to ensure compliance of OHSA. The Department conducts the main inspections as in an effort to ensure compliance, follow ups are made to verify whether the previous identified non-compliance issues have been attended to, Regular awareness Training is provided to departmental officials alerting them to the hazards that exist in the workplace as well as to educate them on Emergency Evacuation procedures.

## Portfolio Committee

### SCOPA

The engagement between the Department and SCOPA took place on the 25th March 2015 to interrogate audit matters arising from the 2013-14 Financial Statements of the department and PMTE. The department still awaits the formal SCOPA report processed through the National Assembly with specific recommendations to allow the department to provide responses

## PRIOR MODIFICATIONS TO AUDIT REPORTS

### Department of Public Works

	Nature of Emphasis of Matter	FY in which it first arose	Progress made
1	<p><b>Immovable assets</b></p> <p>As disclosed in notes 32 and 35 to the financial statements the prior year qualification on immovable assets was not resolved. All immovable assets were transferred to the Property Management Trading Entity with effect 1 April 2013, therefore the effects of the unresolved matter has no impact on the comparability of the current and corresponding figures.</p>	2008/09	Resolved. Immovable assets have been transferred to the PMTE in 2013/14 financial year.
2	<p><b>Restatement of corresponding figures</b></p> <p>As disclosed in notes 4, 20, 23 and 25 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors discovered during 2014, in the financial statements of the Department of Public Works at, and for the year ended, 31 March 2013.</p>	2013/14	The current year restatement will be done on note 25, irregular expenditure, to address the requirements of the revised guidelines on irregular expenditure.
3	<p><b>Material impairments</b></p> <p>As disclosed in note 12 to the financial statements, material impairments to the amount of R51 453 000 were provided for as a result of irrecoverable receivables.</p>	2013/14	The current year balance on impairment is R15 755. The reduction is as a result of the assessment of doubtful debts and write offs.
4	<p><b>Material underspending of the vote</b></p> <p>As disclosed in the appropriation statement, the department has materially underspent the budget on programme 2, immovable asset management, to the amount of R104 981 000. As a consequence, the department's objectives of infrastructure delivery were not fully achieved</p>	2013/14	Compared to the previous financial year, the overall expenditure performance has improved by 1%. The preliminary capital expenditure for 2014/15 is 75% compared to 90% spent in 2013/14. The under spending is due to time difference between payments to suppliers and claims between the department and PMTE as DEPARTMENT infrastructure for capital is fully 98% in PMTE.

**Property Management Trading Entity**

	<b>Nature of Qualification</b>	<b>FY in which it first arose</b>	<b>Progress made</b>
I	<p><b>Irregular expenditure</b></p> <p>I was unable to obtain sufficient and appropriate audit evidence for irregular expenditure as the entity did not have an adequate system for identifying and recognising all irregular expenditure. Furthermore, the irregular expenditure amount of the entity was based on actual payments and not those recorded when a transaction, condition or event linked to the non-compliance was recognised as expenditure in the statement of financial performance in accordance with the SA Standards of GRAP. I was unable to confirm the balances by alternative means.</p> <p>Consequently, I was unable to determine whether any adjustments were necessary to the irregular expenditure stated at R34 417 205 000 and the restated corresponding figures stated at R3 848 600 000 in note 26 to the financial statements.</p>	2009/10	<p>All outstanding documents have been provided to the AGSA during the interim audit cycle of 2014/15.</p> <p>Payables accounting system has been developed to account for all accruals. Accruals disclosed are tested for irregular expenditure.</p> <p>Disclosure note on irregular expenditure includes a narrative on the impracticability of completeness of irregular expenditure.</p>

	<b>Nature of Qualification</b>	<b>FY in which it first arose</b>	<b>Progress made</b>
2	<p><b>Operating leases</b></p> <p>I was unable to obtain sufficient appropriate audit evidence that management had accurately accounted for operating leases due to the status of the accounting records. The amounts disclosed were based on data from the manual lease schedules, which did not agree in all instances with information per the signed lease agreements. I was unable to confirm the balances by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the following items in the financial statements:</p> <p>Operating lease assets and receivables</p> <ul style="list-style-type: none"> <li>• Operating lease assets stated at R886 212 000 (2013: R807 852 000) in note 6.1</li> <li>• Prepaid expenses stated at R559 081 000 (2013: R752 561 000) in note 3</li> <li>• Operating lease asset commitments stated at R7 235 528 000 (2013: R7 383 331 000) in disclosure note 6.1</li> </ul> <p>Operating lease expenditure and associated liabilities</p> <ul style="list-style-type: none"> <li>• Operating lease liabilities stated at R847 349 000 (2013: R809 658 000) in note 6.2</li> <li>• Operating lease expenditure stated at R3 346 389 000 (2013: R3 158 730 000) in note 20</li> <li>• Provisions stated at R2 211 377 000 (2013: R1 741 624 000) in note 16</li> <li>• Operating lease commitments stated at R7 128 905 000 (2013: R7 407 717 000) in disclosure note 6.2</li> </ul>	2008/09	<p>Signed lease agreements to be sourced from Regions (Starting with Pretoria region on 29/09/2014 as a pilot office)</p> <p>Update Excel lease database</p> <p>Upload and verification of updated Excel lease database into the Archibus system.</p> <p>All new leases will be authorized at Head office after the lease agreements have been uploaded on Archibus system.</p>
3	<p><b>Accruals</b></p> <p>The trading entity did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1: Presentation of financial statements. As the entity did not have adequate systems to identify and record outstanding payments for goods and services received but not yet paid at year-end, I was not able to determine the full extent of the understatement of accruals, as it was impracticable to do so.</p>	2013/14	<p>Training to address issues relating to the completion of the workbooks.</p> <p>Identification and reclassification of capital v current expenditure.</p> <p>A payable management system has been finalised and will be discussed with AGSA, to enumerate the processed to be followed and followed with accruals by the regions and head office.</p> <p>An updated workbook template for accruals has been compiled and issued to regions as part of the YE Instruction Document.</p> <p>Regions have to submit workbooks that need to be consolidated at head office.</p>

## 3.2 REPORT OF THE AUDIT COMMITTEE

for the year ended 31 March 2015

We are pleased to present our report for the financial year ended 31 March 2015.

### 1. Audit Committee Members and Attendance

For the year under review, the Department of Public Works (the Department or the Main Vote) and its trading entity; the Property Management Trading Entity (the PMTE) had a fully functional Audit Committee. Collectively; we refer to the Department and the PMTE as the institution. The Committee consist of five (5) Members, all of whom are external to the institution.

### 2. The meetings were attended as follows

No of members	Name of member	Number of meetings attended
1.	Mr Z Luswazi – Chairperson	9
2.	Mr C Bunting	8
3.	Ms N Singh	8
4.	Mr M Ramurunzi	7
5.	Mr J van Heerden	9

### 3. Audit Committee Responsibility

The Audit Committee has complied with Section 38(1) (a) (ii) of the Public Finance Management Act, Act 1 of 1999 (the PFMA) and Treasury Regulation 3.1 in that the Department has and maintains a system of Internal Audit under the control and direction of the Audit Committee complying with and operating in accordance with regulations and instructions prescribed by the PFMA.

The Committee reports that it has formally adopted a set of Terms of Reference and has duly complied with them.

### 4. Effectiveness of Internal Control

#### 4.1 Efficiency and effectiveness of the system of internal control

The institution did not maintain consistent effective, efficient and transparent systems of internal control. As a result some of the account balances of the PMTE were not fairly stated at year-end. Similarly and to the extent that it related to performance information, the Department (the Main Vote) did not maintain the desired system of internal control as required by the PFMA.

In the prior year, the institution reported irregular expenditure to the extent of R34bn. Accordingly and as part of consequence management, appropriate investigative work ensued. Our observation is that

while notable improvements have been observed with respect to the said consequence management; the Committee's opinion is that there remains substantial room for improvement particularly with respect to improved turnaround times as well as the success rate on prosecuted cases.

## 4.2 Risk Management

In the second half of the previous financial year, the Department established the Governance, Risk and Compliance Branch. Since then there has been an increasing level of focus on Risk Management issues at the institution. Nonetheless, it is a considered view of the Committee that substantial improvement is still required in this area. The Committee believes that organisational maturity on Risk Management is yet to be achieved. The institution needs to crystalize the practical application of Risk Management principles to the day-to-day management activities of the institution wherein the culture of effective Risk Management will become a consistent norm.

## 4.3 Annual Financial Statements

The Department maintained an unqualified audit opinion in the year review, while the PMTE maintained a qualified audit opinion in relation to prior year. Notwithstanding the fact that the PMTE has maintained a qualified report in relation to prior year, upon interrogation of the qualifying areas; qualitatively this entails a notable improvement in relation to prior year. We comment further on this subject under item 5 below.

## 4.4 Management Report of the Auditor General

The level of robust interaction between the Auditor General and Management continued in the year under review. Management has accepted the audit findings contained in the institution's Management Reports as the basis on which the audit conclusions outlined in the Audit Reports have been reached by the Auditor General. Accordingly, Management is compiling Comprehensive Action Plans to address the shortcomings contained in the said Management Reports. The responsibility of the Audit Committee is to confirm the completeness of these Audit Action Plans and more significantly to monitor and appraise their implementation.

## 4.5 Quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Auditor General reports that regular, accurate and complete financial reports that were supported and evidenced by reliable information were not prepared throughout the year. Quarterly financial statements were prepared for the Department. In respect of the PMTE, only interim (half-yearly) financial statements were prepared and that these were not in compliance with the requisite GRAP Standards.

The challenge therefore in the 2015/16 financial year is to at least compile quarterly and consistent financial statements that are substantially compliant with the relevant accounting standards. The ultimate objective is to produce monthly financial statements.

The Committee remains critical of the quality of the in-year Performance Management Reports presented to the Audit Committee. Specific recommendations for improvement in this regard have been made to Management throughout the financial year.

## 5. Evaluation of financial statements and the performance management system

Notwithstanding the qualification of the PMTE's financial statements, it is a considered view of the Committee, that qualitatively the PMTE has improved the quality and completeness of its financial statements when comparing the qualifying items of prior year to those of the current year. In the prior year, the PMTE was qualified with respect to following major three categories of financial statements' headline components:

- Incompleteness of the R34bn worth of Irregular Expenditure;
- Incompleteness of Operating Leases as they related to Operating Lease Assets and Receivables as well as relating to Operating Lease Expenditure and Associated Liabilities an area with a pervasive impact on the PMTE's financial statements ; and
- The accruals balance as a whole.

In the year under review the qualifying areas are:

- The incompleteness of property maintenance accruals and the matching expense.
- The incompleteness of municipal services accruals as well as the matching completeness of revenue accrual given that such municipal services ordinarily would have been recovered as revenue from the relevant client departments.
- The validity of property rates expenditure as they could not be linked to the asset register.

The key milestone in the current year was the resolution of the completeness and accuracy of Operating Leases. As reported by the Auditor General, the Department (the Main Vote) has continued to maintain an unqualified audit report.

On the emphasis of matters the Auditor General reported on the inadequacy of the Performance Management Information wherein in particular the Expanded Public Works Programme (EPWP) was identified as having inadequate portfolio of evidence to substantiate the reported level of performance. This matter was reported as such in the prior year.

Under item 4.5 above, the Committee has commented on the in-year Performance Management Systems. The Auditor General identified material misstatements in the annual performance report which were subsequently corrected by Management resulting in the reported Annual Performance Information being fairly stated for the year under review.

The foregoing indicates that Management's focus now and henceforth should to be on enhancing the effectiveness, the efficiency and the transparency of day-to-day processes, information systems (manual and technology based), internal control systems and the matching accounting systems to work towards enhancing the accuracy, timeliness and reliability of performance management information as well as the matching financial information prepared in accordance with the required accounting standards.

## 6. Internal Audit

The Internal Audit Unit continues to improve its output, by focusing on continuous professional education of existing staff as well as the recruitment of temporal and permanent resources to increase the capacity of the Unit. It is the view of this Committee that the capacity of the Internal Audit Unit be further resourced with particular reference to additional permanent resources.

## 7. Auditor General South Africa

The Committee reports that there are no unresolved issues that have been brought to the Committee's attention in the year under review. The Committee further reports that it had robust engagements with the Auditor General wherein all areas of concern have been conclusively addressed.

## 8. The Departmental Strategic Plan / (the Annual Performance Plan)

The Committee reports that while there is room for improvement; the institution has substantially improved the quality, completeness and relevance of the 2015/16 Annual Performance Plan read with; and largely reflective of the Departmental Strategic Plan. Accordingly, the Key Performance Indicators (KPIs) were considered to be substantially adequate and reflective of the strategic vision of the institution. Management has committed to continuously improve this particular area.

We report that for 2015/16 planning cycle and for the first time a separate Annual Performance Plan with the matching Key Performance Indicators was prepared in respect of the PMTE in accordance with the operationalization of the trading entity effected through the transfer of property and infrastructure construction related functions. Previously, a single document was prepared.

## 9. Key Challenges Ahead

The Committee believes that the institution has the following key challenges in respect of the 2015/16 financial year:

- Completing the valuation of immovable assets such that these assets are fairly stated in the PMTE's financial statements at year-end;
- Maintaining the results of the audit outcomes on Operating Leases;
- Complete disclosure, substantial reduction, working towards elimination of the occurrence of Irregular Expenditure;
- Recruitment of professionals within the areas of property management, facilities management as well as construction project management in the course of professionalising the PMTE;
- Improving the effectiveness and efficiency of internal control systems, accounting systems and information systems of the institution.

## **10. Overall observation**

The conclusion of the Committee is that in relation to prior year, the institution has addressed the majority of the strategic performance areas, key of which were to stabilise the PMTE and the stabilisation of the Financial Management System. As stated elsewhere in the body of this report, a number of key challenges and deliverables remain ahead of the institution.

It is a considered opinion of this Committee that overall, the level of governance at the institution is stabilising and that in relation to prior year; there has been qualitative improvement in quality of the financial information, the quality of performance information and improved planning in respect of the 2015/16 financial year has been realised.



**Z Luswazi CA (SA)**

Chairperson - Audit Committee

31 August 2015

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# CHAPTER 4

## HUMAN RESOURCE INFORMATION

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## 4.1 Overview of human resource information

The Human Resource (HR) functions in the Department are critical in building a team of working professionals. These include recruitment, skills development, performance appraisals and employee wellness.

During the period under review the Department has achieved the number of significant results. The revised HR Plan includes a Recruitment Plan and a Skills Development Plan, to capacitate its core business. The Units involved include, Projects, Professional Services, Property and Facilities Management, Asset Management and Supply Chain Management. In addressing the vacancy rate, the Department filled 302 positions of the 318 positions advertised. This translated to 95% of the targets met. 1 275 beneficiaries participated in the Department's Skills Development Programme with 189 Young Professionals, 582 interns, 249 learners, 200 artisan trainees and 55 Management trainees. Through these initiatives, emphasis was placed on various designated groups such the women and the youth. The Department is committed to continue to contribute to the broader National Skills Programme.

## 4.2 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 4.2.1 Personnel expenditure by programme**

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Compensation of Employees as % of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)
Administration	1 174 805	289 294	9 400	24,8	283
Immovable Asset Management	2 758 122	1 182 126	4 842	42,9	262
Expanded Public Works Programme	1 925 580	112 425	173	5,8	523
Property & Construction Industry Policy	31 363	7 930	0	25,3	721
Auxiliary & Associates Services	132 168	0	0	0,0	0
<b>Total</b>	<b>6 022 038</b>	<b>1 591 775</b>	<b>14 415</b>	<b>26,5</b>	<b>276</b>

**Table 4.2.2 Personnel costs by salary band**

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R'000)	Number of Employees
Lower skilled (Levels 1-2)	134 004	8,4	127 623	1050
Skilled (Levels 3-5)	199 096	12,5	167 872	1186
Highly skilled production (Levels 6-8)	363 881	22,9	286 746	1269
Highly skilled supervision (Levels 9-12)	589 126	37,0	587 950	1002
Senior management (Levels 13-16)	158 678	65,4	871 856	182
Contract (Levels 1-2)	30 983	1,9	39 620	782
Contract (Levels 3-5)	8 821	0,6	99 109	89
Contract (Levels 6-8)	30 413	1,9	273 988	111
Contract (Levels 9-12)	36 368	3,0	577 277	63
Contract (Levels 13-16)	34 473	2,2	840 795	41
Periodical Remuneration	5 242	0,3	5 002	1048
Abnormal Appointment	692	0,0	19 219	36
<b>TOTAL</b>	<b>1 591 775</b>	<b>100,0</b>	<b>232 071</b>	<b>6859</b>

\* NB 6859 includes filled post as well as periodical and abnormal appointments.

**Table 4.2.3 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 (R'000)
Programme 1 Administration	242 513	83,2	3 525	1,2	8 989	3,1	7 786	2,7	289 294
Programme 2 Immovable Asset Management	875 714	74,1	15 391	1,3	45 583	3,9	57 542	4,9	1 182 126
Programme 3 Expanded Public Works Programme	91 668	81,5	0	0,0	3 819	3,4	3 046	2,7	112 425
Programme 4 Property & Construction Industry Policy	6 304	79,5	0	0,0	194	2,4	170	2,1	7 930
<b>TOTAL</b>	<b>1 216 199</b>	<b>76,3</b>	<b>18 916</b>	<b>1,2</b>	<b>58 585</b>	<b>3,7</b>	<b>68 544</b>	<b>4,3</b>	<b>1 591 775</b>

\* NB Salaries referred to in table 4.2.3 and 4.2.4 includes more items than just basic salary e.g. wages, service bonus, periodic, etc.

**Table 4.2.4 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)	87 599	65,4	1 191,00	0,9	11 087	8,3	14 917	11,1	134 004
Skilled (Levels 3-5)	129 959	65,3	8 274,00	4,2	13 023	6,5	15 792	7,9	199 096
Highly skilled production (Levels 6-8)	264 379	72,7	6 477,00	1,8	12 796	3,5	19 616	5,4	363 881
Highly skilled supervision (Levels 9-12)	462 771	78,6	2 509,00	0,4	12 766	2,2	15 341	2,6	589 126
Senior management (Levels 13-16)	129 271	81,5	30,00	-	7 629	4,8	2 609	1,6	158 678
Contract (Levels 1-2)	30 983	100,0	12,00	-	0	-	0	-	30 983
Contract (Levels 3-5)	8 668	98,3	282,00	3,2	0	-	0	-	8 821
Contract (Levels 6-8)	30 341	99,8	77,00	0,3	11	-	33	0,1	30 413
Contract (Levels 9-12)	34 967	96,1	64,00	0,2	475	1,3	76	0,2	36 368
Contract (Levels 13-16)	32 024	92,9	0	-	797	2,3	160	0,5	34 473
Periodical Remuneration	4 545	86,7	0	-	0	-	0	-	5 242
Abnormal Appointment	692	100,0	0	-	0	-	0	-	692
<b>TOTAL</b>	<b>1 216 199</b>	<b>76,4</b>	<b>18 916,00</b>	<b>1,2</b>	<b>58 584</b>	<b>3,7</b>	<b>68 544</b>	<b>4,3</b>	<b>1 591 775</b>

## 4.3 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 4.3.1 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
Programme 1 DPW administration,	1 184	1 029	155	13,1	542
Programme 2 DPW immovable asset management,	5 895	4 520	1 375	23,3	552
Programme 3 DPW Expanded Public Works Programme,	264	215	49	18,6	6
Programme 4 DPW prop & cons industry policy reg,	24	11	13	54,2	1
<b>TOTAL</b>	<b>7 367</b>	<b>5 775</b>	<b>1 592</b>	<b>21,6</b>	<b>1 101</b>

**Table 4.3.2 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
Lower skilled (Levels 1-2)	1 590	1 050	540	34	3
Skilled (Levels 3-5)	1 466	1 186	280	19,1	1
Highly skilled production (Levels 6-8)	1 665	1 269	396	23,8	3
Highly skilled supervision (Levels 9-12)	1 330	1 002	328	24,7	12
Senior management (Levels 13-16)	230	182	48	20,9	5
Contract (Levels 1-2)	782	782	0	0	778
Contract (Levels 3-5)	89	89	0	0	87
Contract (Levels 6-8)	111	111	0	0	110
Contract (Levels 9-12)	63	63	0	0	62
Contract (Levels 13-16)	41	41	0	0	40
<b>TOTAL</b>	<b>7 367</b>	<b>5 775</b>	<b>1 592</b>	<b>21,6</b>	<b>1 101</b>

**Table 4.3.3 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
Architects town and traffic planners	56	43	13	23,2	13
Chemical and physical science technicians	14	9	5	35,7	0
Civil engineering technicians	31	10	21	67,7	1
Electrical and electronics engineering technicians	22	14	8	36,4	10
Engineers and related professionals	258	152	106	41,1	23
Mechanical engineering technicians	17	3	14	82,4	0
Quantity surveyors & related prof	36	26	10	27,8	2
<b>TOTAL</b>	<b>434</b>	<b>257</b>	<b>177</b>	<b>40,8</b>	<b>49</b>

## 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**

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
Contract (Levels 1-2)	1590	0	0	0	0	0	0
Contract (Levels 3-5)	782	0	0	0	0	0	0
Contract (Levels 6-8)	89	0	0	0	0	0	0
Contract (Levels 9-12)	111	0	0	0	0	0	0
Contract (Band A)	63	0	0	0	0	0	0
Contract (Band B)	24	0	0	0	0	0	0
Contract (Band C)	8	0	0	0	0	0	0
Contract (Band D)	8	0	0	0	0	0	0
Lower skilled (Levels 1-2)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	1466	2	0,1	2	100	0	0
Highly skilled production (Levels 6-8)	1665	2	0,1	2	100	0	0

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
Highly skilled supervision (Levels 9-12)	1330	395	29,7	273	69,1	0	0
Senior Management Service Band A	169	0	0	0	0	0	0
Senior Management Service Band B	48	0	0	0	0	0	0
Senior Management Service Band C	10	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
<b>TOTAL</b>	<b>7367</b>	<b>399</b>	<b>5,4</b>	<b>277</b>	<b>69,4</b>	<b>0</b>	<b>0</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	89	0	2	4	95
Male	99	0	0	4	103
<b>Total</b>	<b>188</b>	<b>0</b>	<b>2</b>	<b>8</b>	<b>198</b>
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	No of Employees in Department
None	0	0	0	0	0
None	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Percentage of Total Employment	0	0	0	0	0

The following table summarises 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	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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 2014)	Appointments	Terminations	Turnover Rate %
Lower skilled (Levels 1-2)	1653	513	409	24,7
Skilled (Levels 3-5)	1335	76	154	11,5
Highly skilled production (Levels 6-8)	1423	19	76	5,3
Highly skilled supervision (Levels 9-12)	1082	29	53	4,9
Senior Management Service Band A	123	12	8	6,5
Senior Management Service Band B	47	4	4	8,5
Senior Management Service Band C	9	4	1	11,1
Senior Management Service Band D	3	1	0	0
<b>Total</b>	<b>5675</b>	<b>658</b>	<b>705</b>	<b>12,4</b>

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

Occupation	Employment at Beginning of Period (April 2014)	Appointments	Terminations	Turnover Rate %
Architects town and traffic planners	42	1	2	4,8
Chemical and physical science technicians	10	0	0	0
Civil engineering technicians	11	0	1	9,1
Electrical and electronics engineering technicians	4	11	1	25
Engineers and related professionals	158	8	12	7,6
Mechanical engineering technicians	2	0	0	0
Quantity surveyors & related professionals not class elsewhere	25	1	0	0
<b>TOTAL</b>	<b>252</b>	<b>21</b>	<b>16</b>	<b>6,3</b>

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 Resignations	Percentage of Total Employment
Death	44	6,2	0,8
Resignation	193	27,4	3,4
Expiry of contract	329	46,7	5,8
Transfers	2	0,3	0
Discharged due to ill health	3	0,4	0,1
Dismissal-misconduct	10	1,4	0,2
Retirement	124	17,6	2,2
<b>TOTAL</b>	<b>705</b>	<b>100</b>	<b>12,4</b>
<b>Terminations as % of Employment</b>			
			<b>12,4</b>

**Table 4.5.4 Promotions by critical occupation**

Occupation	Employment at Beginning of Period (April 2014)	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	42	1	2,4	13	31
Chemical and physical science technicians	10	0	0	6	60
Civil engineering technicians	11	0	0	3	27,3
Electrical and electronics engineering technicians	4	0	0	1	25
Engineers and related professionals	158	3	1,9	99	62,7
Mechanical engineering technicians	2	1	50	0	0
Quantity surveyors & related prof	25	0	0	20	80
<b>TOTAL</b>	<b>252</b>	<b>5</b>	<b>2</b>	<b>142</b>	<b>56,3</b>

**Table 4.5.5 Promotions by salary band**

Salary Band	Employment at Beginning of Period (April 2014)	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)	1653	3	0,2	876	53
Skilled (Levels 3-5)	1335	4	0,3	1159	86,8
Highly skilled production (Levels 6-8)	1423	41	2,9	1168	82,1
Highly skilled supervision (Levels 9-12)	1082	44	4,1	808	74,7
Senior management (Levels 13-16)	182	8	4,4	33	18,1
<b>TOTAL</b>	<b>5675</b>	<b>100</b>	<b>1,8</b>	<b>4044</b>	<b>71,3</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 2015**

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	73	3	3	12	38	2	4	6	141
Professionals	230	31	23	96	211	8	2	23	624
Technicians and associate professionals	520	24	6	35	754	44	9	65	1457
Clerks	245	25	1	28	431	29	11	82	852
Service and sales workers	79	7	0	3	44	1	0	0	134
Craft and related trades workers	125	47	8	64	31	0	0	0	275
Plant and machine operators and assemblers	43	10	4	0	6	1	0	1	65
Elementary occupations	743	216	7	15	1106	130	4	4	2225
Other	0	0	0	0	2	0	0	0	2
<b>TOTAL</b>	<b>2058</b>	<b>363</b>	<b>52</b>	<b>253</b>	<b>2623</b>	<b>215</b>	<b>30</b>	<b>181</b>	<b>5775</b>
Employees with disabilities	24	9	1	18	11	2	0	6	71

**Table 4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2015**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	1	0	1	1	0	1	0	9
Senior Management	73	1	6	24	52	2	4	11	173
Professionally qualified and experienced specialists and mid-management, Permanent	425	46	26	125	322	14	6	38	1002
Skilled technical and academically qualified workers, junior management, supervisors, foremen	373	60	4	65	597	36	11	123	1269
Semi-skilled and discretionary decision making	509	205	7	20	363	78	1	3	1186
Unskilled and defined decision making	317	40	4	2	623	59	3	2	1050
Contract (Top Management)	2	0	1	2	3	0	1	0	9
Contract (Senior Management)	18	1	0	3	8	0	0	2	32
Contract (Professionally qualified)	24	2	4	9	22	2	0	0	63
Contract (Skilled technical)	49	0	0	0	59	2	1	0	111
Contract (Semi-skilled)	36	1	0	2	47	1	1	1	89
Contract (Unskilled)	227	6	0	0	526	21	1	1	782
<b>TOTAL</b>	<b>2058</b>	<b>363</b>	<b>52</b>	<b>253</b>	<b>2623</b>	<b>215</b>	<b>30</b>	<b>181</b>	<b>5775</b>

**Table 4.6.3 Recruitment**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	5	2	0	1	6	0	0	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen	2	0	0	0	6	0	0	0	8
Unskilled and defined decision making	3	0	0	0	9	0	0	0	12
Contract (Top Management)	1	0	0	1	1	0	1	0	4
Contract (Senior Management)	8	1	0	1	2	0	0	1	13

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Professionally qualified)	7	0	3	2	3	0	0	0	15
Contract (Skilled technical)	4	0	0	0	6	0	1	0	11
Contract (Semi-skilled)	36	1	0	2	35	1	1	0	76
Contract (Unskilled)	169	8	0	0	306	15	1	2	501
<b>TOTAL</b>	<b>239</b>	<b>12</b>	<b>3</b>	<b>7</b>	<b>374</b>	<b>16</b>	<b>4</b>	<b>3</b>	<b>658</b>
Employees with disabilities	1	0	0	0	0	0	0	0	1

**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	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	9	0	3	13	6	0	0	6	37
Professionally qualified and experienced specialists and mid-management	350	38	23	101	276	12	6	31	837
Skilled technical and academically qualified workers, junior management, supervisors, foremen	343	56	3	58	562	34	11	121	1188
Semi-skilled and discretionary decision making	485	203	4	19	372	74	1	3	1161
Unskilled and defined decision making	252	32	4	2	440	41	3	0	774
Contract (Top Management)	0	0	0	1	0	0	0	0	1
Contract (Senior Management)	2	0	0	0	0	0	0	0	2
Contract (Professionally qualified)	4	0	0	4	6	1	0	0	15
Contract (Skilled technical)	6	0	0	0	14	1	0	0	21
Contract (Semi-skilled)	2	0	0	0	0	0	0	0	2
Contract (Unskilled)	4	0	0	0	97	4	0	0	105
<b>TOTAL</b>	<b>1458</b>	<b>329</b>	<b>37</b>	<b>198</b>	<b>1773</b>	<b>167</b>	<b>21</b>	<b>161</b>	<b>4144</b>
Employees with disabilities	22	9	0	15	9	2	0	5	62

Table 4.6.5 Terminations

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	2	0	0	2	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	12	2	0	14	11	0	0	4	43
Skilled technical and academically qualified workers, junior management, supervisors, foremen	15	2	1	2	18	3	0	14	55
Semi-skilled and discretionary decision making	47	16	1	2	68	8	0	0	142
Unskilled and defined decision making	19	0	0	0	20	1	1	0	41
Contract (Top Management)	0	0	0	0	0	0	1	0	1
Contract (Senior Management)	3	0	0	1	2	0	0	1	7
Contract (Professionally qualified)	4	0	0	2	4	0	0	0	10
Contract (Skilled technical)	10	1	0	1	9	0	0	0	21
Contract (Semi-skilled)	3	0	0	0	9	0	0	0	12
Contract (Unskilled)	87	5	0	0	255	20	0	1	368
<b>TOTAL</b>	<b>202</b>	<b>26</b>	<b>2</b>	<b>24</b>	<b>397</b>	<b>32</b>	<b>2</b>	<b>20</b>	<b>705</b>
Employees with disabilities	0	0	0	1	0	0	0	1	2

Table 4.6.6 Disciplinary action

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<b>TOTAL</b>	<b>52</b>	<b>7</b>	<b>0</b>	<b>5</b>	<b>22</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>92</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	67	1	3	7	49	1	1	7	136
Professionals	205	11	9	46	215	4	6	24	520
Technicians and Associate Professionals	33	1	0	1	20	0	0	1	56
Clerks	217	2	1	9	336	11	1	34	611
Service and Sales Workers	8	0	0	0	4	0	0	0	12

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled Agriculture and Fishery Workers	17	1	0	0	4	0	0	0	22
Craft and related Trades Workers	42	8	0	7	8	0	0	0	65
Plant and Machine Operators and Assemblers	26	0	0	0	16	0	0	1	43
Elementary Occupations	135	0	0	2	240	3	1	1	382
<b>TOTAL</b>	<b>750</b>	<b>24</b>	<b>13</b>	<b>72</b>	<b>892</b>	<b>19</b>	<b>9</b>	<b>68</b>	<b>1847</b>
Employees with disabilities	8	0	0	4	6	0	0	2	20

## 4.7 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability), salary bands and critical occupations.

**Table 4.7.1 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	1467	2612	56,2	7 264	4 951
African, Male	1189	2034	58,5	5 989	5 037
Asian, Female	20	30	66,7	151	7 557
Asian, Male	36	51	70,6	367	10 186
Coloured, Female	152	213	71,4	646	4 247
Coloured, Male	235	354	66,4	891	3 793
Total Blacks, Female	1639	2855	57,4	8 060	4 918
Total Blacks, Male	1460	2439	59,9	7 247	4 964
White, Female	149	175	85,1	1 324	8 887
White, Male	148	235	63	1 521	10 280
Employees with a disability	34	71	47,9	178	5 248
<b>TOTAL</b>	<b>3430</b>	<b>5775</b>	<b>59,4</b>	<b>18 332</b>	<b>5 345</b>

**Table 4.7.2 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'000)
Lower skilled (Levels 1-2)	797	1832	43,5	1 698	2
Skilled (Levels 3-5)	1050	1275	82,4	2 722	3
Highly skilled production (Levels 6-8)	901	1380	65,3	5 406	6
Highly skilled supervision (Levels 9-12)	680	1065	63,8	8 471	12
Periodical Remuneration	0	1048	0	0	0
Abnormal Appointment	0	36	0	0	0
<b>TOTAL</b>	<b>3428</b>	<b>6636</b>	<b>51,7</b>	<b>18 297</b>	<b>5</b>

**Table 4.7.3 Performance Rewards by critical occupation**

Critical Occupations	Number of Beneficiaries	Total Employment	% of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R'000)
Architects town and traffic planners	19	43	44,2	284	15
Chemical and physical science technicians	6	9	66,7	40	7
Civil engineering technicians	5	10	50	45	9
Electrical and electronics engineering technicians	1	14	7,1	15	15
Engineers and related professionals	74	152	48,7	904	12
Quantity surveyors & rela prof not class elsewhere	12	26	46,2	156	13
<b>TOTAL</b>	<b>117</b>	<b>254</b>	<b>46,1</b>	<b>1 444</b>	<b>12</b>

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

**Table 4.7.4 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'000)	% of SMS Wage Bill
Band A	2	156	1,3	36	18	0,03
Band B	0	49	0	0	0	0,00
Band C	0	14	0	0	0	0,00
Band D	0	4	0	0	0	0,00
<b>TOTAL</b>	<b>2</b>	<b>223</b>	<b>0,9</b>	<b>36</b>	<b>18</b>	<b>0,03</b>

No SMS was paid performance rewards. The two SMS reflected in the table was promoted from Deputy Director to Director during the 2014/2015 financial year and received their performance awards (on DD Level) after promotion to Director.

## 4.8 Foreign Workers

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

**Table 4.8.1 Foreign workers by salary band**

Salary Band	1 April 2014		31 March 2015		Change	
	Number	%age of Total	Number	% of Total	Number	% Change
Lower skilled (Levels 1-2)	1	8,3	1	7,1	0	0
Highly skilled supervision (Levels 9-12)	6	50	6	42,9	0	0
Senior management (Levels 13-16)	3	25	2	14,3	-1	-50
Contract (Levels 3-5)	1	8,3	1	7,1	0	0
Contract (Levels 9-12)	0	0	3	21,4	3	150
Contract (Levels 13-16)	1	8,3	1	7,1	0	0
<b>TOTAL</b>	<b>12</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>2</b>	<b>100</b>

**Table 4.8.2 Foreign workers by major occupation**

Major Occupation	1 April 2013		31 March 2014		Change	
	Number	%age of Total	Number	% of Total	Number	% Change
Elementary occupations	2	16,7	2	14,3	0	0
Professionals and managers	10	83,3	12	85,7	2	100
<b>TOTAL</b>	<b>12</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>2</b>	<b>100</b>

## 4.9 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 4.9.1 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
Lower skilled (Levels 1-2)	5992	85,0	742	17,1	8	2 451	5094
Skilled (Levels 3-5)	7260	81,6	896	20,7	8	3 826	5927
Highly skilled production (Levels 6-8)	9050	75,2	1 125	25,9	8	9 313	6804
Highly skilled supervision (Levels 9-12)	5895	77,5	812	18,7	7	12 176	4566
Senior management (Levels 13-16)	932	82,7	135	3,1	7	3 088	771
Contract (Levels 1-2)	1771	58,4	431	9,9	4	320	1035
Contract (Levels 3-5)	158	67,1	43	1,0	4	90	106
Contract (Levels 6-8)	515	59,0	97	2,2	5	488	304
Contract (Levels 9-12)	255	74,9	45	1,0	6	498	191
Contract (Levels 13-16)	39	87,2	12	0,3	3	143	34
<b>TOTAL</b>	<b>31867</b>	<b>77,9</b>	<b>4338</b>	<b>100</b>	<b>7</b>	<b>32 393</b>	<b>24832</b>

**Table 4.9.2 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 Employees
Lower skilled (Levels 1-2)	657	100	25	1,4	26	266	1832
Skilled (Levels 3-5)	1204	100	27	2,1	45	652	1275
Highly skilled production (Levels 6-8)	1457	100	39	2,8	37	1 556	1380
Highly skilled supervision (Levels 9-12)	426	100	12	1,1	36	917	1065
Senior management (Levels 13-16)	246	100	8	3,6	31	809	223
<b>TOTAL</b>	<b>3990</b>	<b>100</b>	<b>111</b>	<b>1,9</b>	<b>36</b>	<b>4 200</b>	<b>5775</b>

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

**Table 4.9.3 Annual Leave**

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	22087	21	1073
Skilled (Levels 3-5)	31703	24	1310
Highly skilled production (Levels 6-8)	30332	23	1347
Highly skilled supervision (Levels 9-12)	24299	23	1064
Senior management (Levels 13-16)	4408	24	187
Contract (Levels 1-2)	6926	10	693
Contract (Levels 3-5)	490	8	62
Contract (Levels 6-8)	1825	14	129
Contract (Levels 9-12)	891	13	70
Contract (Levels 13-16)	267	8	33
<b>TOTAL</b>	<b>123227</b>	<b>21</b>	<b>5968</b>

**Table 4.9.4 Capped leave**

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2014	Number of Employees who took Capped leave
Lower skilled (Levels 1-2)	18	3	37	6
Skilled (Levels 3-5)	357	9	62	41
Highly skilled production (Levels 6-8)	161	6	37	26
Highly skilled supervision (Levels 9-12)	95	8	56	12
Senior management (Levels 13-16)	34	17	51	2
<b>TOTAL</b>	<b>665</b>	<b>8</b>	<b>53</b>	<b>87</b>

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

**Table 4.9.5 Leave pay-outs**

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Capped leave pay-outs on termination of service for 2014/15	7 986	327	24 422
Current leave pay-outs on termination of service for 2014/15	1 682	178	9 449
<b>TOTAL</b>	<b>9 668</b>	<b>505</b>	<b>19 145</b>

## 4.10 HIV/AIDS & Health Promotion Programmes

**Table 4.10.1 Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Workers in the construction industry are relatively at risk. Migratory labour force and labour camps commonly employed by the industry contributes to the spread of HIV and STI in the industry and the communities in which it does business.	As custodian and main player in the construction sector, the National Department of Public Works (DPW) developed an HIV/AIDS Strategy for the construction sector to protect and support the industry's workforce

**Table 4.10.2 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 I of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr RM Mahlatjie: Director: Organisational Development
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		Health & Wellness (HIV Advocacy and EHW. Five staff members. (Budget = R289 000.00pa excluding compensation budget)
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		Responsive Programs Addressing psycho-social health and wellness issues are in place

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I 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		A department-wide committee constituted by HR representatives from 11 regional offices established.
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		The departmental HIV and AIDS Policy is articulate on issues of human rights and fair labour practices.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Stigma Mitigation programme is in place. Key elements include:-Knowledge, Attitudes and Practices surveys; Dialogues and Peer education.
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 collaborates with GEMS and NGOs in providing on-site opportunities for health screening, HIV Counselling and Testing and TB screening. 2805 screenings for glucose, cholesterol and blood pressure conducted. 1361 HIV Counselling and Testing done.
8. Has the department developed measures/ indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		Utilization rate of Health and Wellness services. <ul style="list-style-type: none"> <li>• Number of employees attending wellness events.</li> <li>• Number of wellness events, workshops and training conducted.</li> <li>• Sick leave utilization (reduction).</li> <li>• Number of employees living openly with HIV</li> </ul>

## 4.11 Labour Relations

**Table 4.11.1 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 4.11.2 Misconduct and disciplinary hearings finalised**

Outcomes of disciplinary hearings	Number	Percentage (%) of Total	Total
Dismissals	8	8,7	8
Suspension	5	5,4	5
Demotion	3	3,3	3
Final written warnings	16	17,4	16
Written warnings	49	53,3	49
Verbal Written Warning	4	4,3	4
Corrective counselling	5	5,4	5
Cases dismissed	1	1,1	1
Not guilty	1	1,1	1
<b>TOTAL</b>	<b>92</b>	<b>100,0</b>	<b>92</b>

**Table 4.11.3 Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of Total	Total
Bribes or commits fraud, corruption and Nepotism	3	3,3	3
Theft	1	1,1	1
Absent from work without reason or permission	16	17,4	16
Failure to comply with procurement procedures, unauthorised, irregular, fruitless and wasteful expenditure	5	5,4	5
Displayed disrespectful, disgraceful and unacceptable behaviour	12	13,0	12
Assault	4	4,3	4
Misuse, abuse or unauthorized use of state property	6	6,5	6
Negligence / Dereliction of duties	25	27,2	25
Failure to carry out lawful instruction/ insubordination	10	10,9	10
Gives false statement/ evidence	1	1,1	1
Drinking on duty or under the influence of intoxicating substance	1	1,1	1
Ineffective and poor work management	3	3,3	3
Sleeping on duty	3	3,3	3
Failure to follow the leave directive and the Code of Conduct	2	2,2	2
<b>TOTAL</b>	<b>92</b>	<b>100,0</b>	<b>92</b>

**Table 4.11.4 Grievances logged**

Number of grievances addressed	Number	% of Total	Total
Not resolved	4	3,4	4
Resolved	112	96,6	112
<b>TOTAL</b>	<b>116</b>	<b>100,0</b>	<b>116</b>

**Table 4.11.5 Disputes logged**

Number of disputes addressed	Number	% of total	Number
Upheld	9	56,3	9
Dismissed	7	43,8	7
<b>Total</b>	<b>16</b>	<b>100,0</b>	<b>16</b>

**Table 4.11.6 Strike actions**

Strike Actions	
Total number of person working days lost	<b>1 609</b>
Total cost(R') of working days lost	<b>1 149 339.40</b>
Amount (R') recovered as a result of no work no pay	<b>768 894.28</b>

**Table 4.11.7 Precautionary suspensions**

Precautionary Suspensions	
Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	90
<b>Cost (R') of suspensions</b>	<b>R185 880.00</b>

## 4.12 Skills development

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

**Table 4.12.1 Training needs identified**

Occupational Categories	Gender	Employment	Skills Programmes & other short courses	Other forms of training (Young Professionals, Management Trainees, Skills Development Learners and Interns)	Total
Legislators, senior officials and managers	Female	50	84	48	132
	Male	91	88	56	144
Professionals	Female	244	280	84	364
	Male	280	164	72	236
Technicians and associate professionals	Female	872	208	68	276
	Male	585	184	32	216
Clerks	Female	553	268	76	344
	Male	299	168	64	232
Service and sales workers	Female	45	16	8	24
	Male	89	32	16	48
Craft and related trades workers	Female	31	8	4	12
	Male	244	12	8	20
Plant and machine operators and assemblers	Female	8	4	4	8
	Male	57	16	8	24
Elementary occupations	Female	1244	20	8	28
	Male	981	24	16	40
Gender sub totals	Female	<b>3049</b>	<b>888</b>	<b>300</b>	<b>1188</b>
	Male	<b>2726</b>	<b>688</b>	<b>272</b>	<b>960</b>
<b>Total</b>		<b>5775</b>	<b>1576</b>	<b>572</b>	<b>2148</b>

Table 4.12.2 Training provided for the period

Occupational Categories	Gender	Employment	Skills Programmes & other short courses	Other forms of training (Young Professionals, Management Trainees, Skills Development Learners and Interns)	Total
Legislators, senior officials and managers	Female	50	51	7	58
	Male	91	71	7	78
Professionals	Female	244	173	76	249
	Male	280	195	76	271
Technicians and associate professionals	Female	872	18	3	21
	Male	585	29	6	35
Clerks	Female	553	324	58	382
	Male	299	204	25	229
Service and sales workers	Female	45	4	0	4
	Male	89	8	0	8
Craft and related trades workers	Female	31	8	4	12
	Male	244	60	15	57
Plant and machine operators and assemblers	Female	8	17	0	17
	Male	57	26	0	26
Elementary occupations	Female	1244	243	2	245
	Male	981	135	2	137
Gender sub totals	Female	<b>3049</b>	<b>838</b>	<b>150</b>	<b>988</b>
	Male	<b>2726</b>	<b>728</b>	<b>131</b>	<b>841</b>
<b>Total</b>		<b>5775</b>	<b>1566</b>	<b>281</b>	<b>1847</b>

## 4.13 Injury on duty

The following tables provide basic information on injury on duty.

**Table 4.13.1 Injury on duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	34	77,3
Temporary Total Disablement	8	18,2
Permanent Disablement	1	2,3
Fatal	1	2,3
<b>Total</b>	<b>44</b>	<b>100</b>

# CHAPTER 5

## FINANCIAL STATEMENTS



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# Report of the Auditor-General to Parliament

## on vote no. 7: Department of Public Works

### Report on the financial statements

#### Introduction

1. I have audited the financial statements of the Department of Public Works set out on pages 209 to 212, which comprise the appropriation statement, statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 10 of 2014) (DoRA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Public Works as at 31 March 2015 and its financial performance and cash flows for the year then ended, in

accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the PFMA and DoRA.

### **Emphasis of matters**

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

### **Immovable assets**

#### **Restatement of corresponding figures**

8. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of errors discovered during the financial year ended 31 March 2015 in the financial statements of the Department of Public Works at, and for the year ended, 31 March 2014.

#### **Material impairments**

9. As disclosed in note 12 to the financial statements, material impairments to the amount of R52 971 000 were provided for as a result of irrecoverable receivables.

#### **Material underspending on the vote**

10. As disclosed in the appropriation statement, the department has materially underspent the budget on Programme 2: Immovable Asset Management, Sub-Programme 1 – Infrastructure (Public Works) – to the amount of R70 638 000. Consequently, certain planned infrastructure projects were not completed

#### **Additional matter**

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

#### **Unaudited supplementary schedules**

12. The supplementary information set out on pages XX to XX 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 thereon

### **Report on other legal and regulatory requirements**

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2015:
  - Programme 2: Immovable Asset Management on pages 79 to 97
  - Programme 3: Expanded Public Works Programme (EPWP): on pages 98 to 99
  - Programme 4: Property and Construction Industry Policy Regulation): on pages 100 to 101
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete
18. The material findings in respect of the selected programmes are as follows:
  - **Programme 3: Expanded Public Works Programme (EPWP)**

### ***Reliability of reported performance information***

19. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objective, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 31% of the targets to assess the reliability of the reported performance information. This was due to the absence of guidelines on document retention and records management for implementing bodies of the EPWP programme.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 2: Immovable Asset Management and Programme 4: Property and Construction Industry Policy Regulation.

## Additional matter

I draw attention to the following matter:

### Achievement of planned targets

21. Refer to the annual performance report on pages X to X for information on the achievement of planned targets for the year. This information should be considered in the context of the findings expressed on usefulness and reliability of the reported performance information in paragraphs 20 to 22 of this report.

### Adjustments of material misstatements

22. We identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Programme 2: Immovable Asset Management. As management subsequently corrected the misstatements, we did not identify any material findings on the usefulness and reliability of the reported performance information.

### Compliance with legislation

23. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### Strategic planning and performance management

24. Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management was not maintained as required by section 38(1)(a)(i) of the PFMA.
25. Specific and appropriate information systems to enable the department to monitor the progress made towards achieving the goals, targets and core objectives as indicated in the strategic plan and annual performance plan were not implemented and operational as required by Public Service Regulation Part IIIB.1(f)(i)(ii).

### Financial statements, performance and annual reports

26. The financial statements submitted for auditing were not fully prepared in accordance with the Modified Cash Standard prescribed by the National Treasury as required by section 40(1)(b) of the PFMA and Treasury Regulation 18.2. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Internal audit

27. The operational procedure and monitoring mechanisms were not assessed over transfers in terms of the annual Division of Revenue Act as required by Treasury Regulation 3.2.8.

## Human resource management and compensation

28. Funded vacant posts were not filled within 12 months after becoming vacant as prescribed by Public Service Regulation I/VII/C.1A.2.

## Expenditure management

29. Steps taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1, were in certain instance not effective.

## Consequence management

30. Effective and appropriate disciplinary steps were not in certain instances taken against officials who made or permitted irregular expenditure as required by section 38(1)(h)(iii) of the PFMA and Treasury Regulation 9.1.3.

## Internal control

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

## Leadership

32. Leadership did not exercise effective oversight with regard to performance reporting and compliance as well as related internal controls.
33. Leadership was not successful in improving the high vacancy rate in the department, the human resource plan has been approved and implemented however the approval of the revised organisational structure, taking into account the transfer of functions from DPW to PMTE, is still pending.

## Financial and performance management

34. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support performance reporting.
35. Regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information were not prepared throughout the financial year.
36. The review and monitoring of compliance with applicable laws and regulations were ineffective in certain instances.

## Governance

37. Leadership must continue to focus on expanding capacity in the risk management and internal audit units to ensure optimal functioning in terms of addressing of risks and internal control deficiencies across all locations within the department.

## Other reports

### Investigations

38. Numerous internal allegations, mainly relating to transgressions with respect to supply chain management, potential fraud and financial misconduct are being investigated on an ongoing basis.
39. An ongoing investigation is being conducted to probe the alleged abuse of urgent and emergency procurement as well the utilisation of sole suppliers. The investigation aims to establish whether there was collusion between officials and service providers and to determine any reckless spending of funds. The investigation is being conducted in phases, with 19 investigations underway of which 15 have been finalised and are in the reporting process. The department is instituting disciplinary action in respect of the finalised reports on an ongoing basis.
40. Proclamation No. R. 59 of 2013 was approved on 20 December 2013 by the president for the Special Investigating Unit to probe allegations relating to the prestige project involving the security upgrading of the private residence of the President situated at Nkandla, KwaZulu-Natal. This report was concluded on 20 August 2014.

*Auditor-General*

Pretoria

31 July 2015



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

*Auditing to build public confidence*

# APPROPRIATION STATEMENT for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

Voted funds and Direct charges	2014/15					2013/14			
	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	1,190,577	-	(11,305)	1,179,272	1,174,805	4,467	99.6%	1,132,506	1,099,051
2. Immovable Asset Management	2,851,152	-	(22,119)	2,829,033	2,758,122	70,911	97.5%	2,967,632	2,862,229
3. Expanded Public Works Programme	1,951,295	-	(4,815)	1,946,480	1,925,580	20,900	98.9%	1,937,277	1,931,690
4. Property and Construction Industry Policy Regulation	36,346	-	(2,010)	34,336	31,363	2,973	91.3%	36,682	32,758
5. Auxiliary and Associated Services	91,950	-	40,249	132,199	132,168	31	100.0%	101,164	96,926
<b>TOTAL</b>	6,121,320	-	-	6,121,320	6,022,038	99,282	98.4%	6,175,261	6,022,654
<b>TOTAL (brought forward)</b>									
Reconciliation with statement of financial performance									
<b>ADD</b>									
Departmental receipts				16,132				55,470	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>6,137,452</b>				<b>6,230,731</b>	
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>6,022,038</b>				<b>6,022,654</b>

Appropriation per economic classification									
	2014/15					2013/14			
	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>3,027,775</b>	<b>(4,983)</b>	<b>35,014</b>	<b>3,057,806</b>	<b>3,020,111</b>	<b>37,695</b>	<b>98.8%</b>	<b>2,843,933</b>	<b>2,787,253</b>
Compensation of employees	1,667,797	(50,339)	(3,839)	1,613,619	1,591,775	21,844	98.6%	1,480,628	1,471,497
Salaries and wages	1,439,771	(32,307)	(3,839)	1,403,625	1,389,442	14,183	99.0%	1,284,906	1,276,581
Social contributions	228,026	(18,032)	-	209,994	202,333	7,661	96.4%	195,722	194,916
Goods and services	1,359,978	45,347	38,853	1,444,178	1,428,327	15,851	98.9%	1,363,305	1,315,756
Administrative fees	517	48	(79)	486	474	12	97.5%	656	650
Advertising	17,371	(4,164)	(656)	12,551	12,208	343	97.3%	12,175	11,945
Minor assets	11,485	345	(12)	11,818	11,803	15	99.9%	5,221	4,769
Audit costs: External	42,640	16,247	-	58,887	58,887	-	100.0%	54,620	58,594
Bursaries: Employees	2,609	(2,317)	-	292	292	-	100.0%	1,572	1,572
Catering: Departmental activities	1,901	859	(391)	2,369	2,246	123	94.8%	3,733	3,536
Communication	33,738	(6,464)	(3,226)	24,048	24,030	18	99.9%	26,192	25,595
Computer services	53,775	(17,785)	(63)	35,927	35,906	21	99.9%	24,872	24,764
Consultants: Business and advisory services	12,776	36,920	(1,526)	48,170	48,169	1	100.0%	194,463	169,404
Infrastructure and planning services	56,072	(32,781)	-	23,291	22,866	425	98.2%	16,804	18,226
Legal services	8,768	13,779	(81)	22,466	22,466	-	100.0%	18,378	18,378
Contractors	72,357	7,681	38,570	118,608	118,580	28	100.0%	100,872	100,738
Agency and support / outsourced services	278,603	(11,294)	(1,612)	265,697	254,676	11,021	95.9%	212,309	201,111
Entertainment	737	(283)	(131)	323	301	22	93.2%	756	720
Fleet services	16,362	2,013	(316)	18,059	18,059	-	100.0%	17,630	17,630
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	4,235	4,235
Inventory: Food and food supplies	15	(12)	(3)	-	-	-	-	-	-

Appropriation per economic classification	2014/15						2013/14			
	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	
Inventory: Fuel, oil and gas	9,004	(9,004)	-	-	-	-	-	7,570	7,570	
Inventory: Learner and teacher support material	441	(438)	(3)	-	-	-	-	-	-	
Inventory: Materials and supplies	1,361	(1,347)	(14)	-	-	-	-	1,095	995	
Inventory: Medical supplies	11	(11)	-	-	-	-	-	-	-	
Inventory: Other supplies	15,463	(15,423)	(40)	-	-	-	-	1,067	-	
Consumable supplies	-	16,725	348	17,073	17,073	-	100.0%	11,999	11,998	
Consumable: Stationery, printing and office supplies	12,178	(418)	(110)	11,650	11,502	148	98.7%	11,167	10,944	
Operating leases	237,185	(8,574)	-	228,611	228,190	421	99.8%	260,054	247,586	
Property payments	353,056	52,059	14,143	419,258	419,256	2	100.0%	254,279	254,261	
Transport provided: Departmental activity	119	(119)	-	-	-	-	-	210	-	
Travel and subsistence	86,987	9,792	(5,150)	91,629	91,053	576	99.4%	94,722	95,023	
Training and development	13,787	858	(184)	14,461	14,457	4	100.0%	7,310	7,130	
Operating payments	10,829	(965)	(90)	9,774	9,385	389	96.0%	8,732	9,090	
Venues and facilities	9,831	(1,448)	(826)	7,557	5,275	2,282	69.8%	10,004	8,684	
Rental and hiring	-	868	305	1,173	1,173	-	100.0%	608	608	
Interest and rent on land	-	9	-	9	9	-	100.0%	-	-	
Interest	-	9	-	9	9	-	100.0%	-	-	
<b>Transfers and subsidies</b>	<b>2,563,905</b>	<b>4,769</b>	<b>-</b>	<b>2,568,674</b>	<b>2,577,774</b>	<b>(9,100)</b>	<b>100.4%</b>	<b>2,595,188</b>	<b>2,596,553</b>	
Provinces and municipalities	1,201,520	-	-	1,201,520	1,200,256	1,264	99.9%	1,225,778	1,221,445	
Provinces	606,919	-	-	606,919	605,676	1,243	99.8%	614,478	610,167	
Provincial Revenue Funds	606,919	-	-	606,919	605,676	1,243	99.8%	614,478	610,167	

Appropriation per economic classification											
	2014/15						2013/14				
	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	R'000	R'000
Municipalities	594,601	-	-	594,601	594,580	21	100.0%	611,300	611,278	611,278	
Municipal bank accounts	594,601	-	-	594,601	594,580	21	100.0%	611,300	611,278	611,278	
Departmental agencies and accounts	802,506	-	-	802,506	802,476	30	100.0%	803,694	802,412	802,412	
Departmental agencies and accounts	802,506	-	-	802,506	802,476	30	100.0%	803,694	802,412	802,412	
Foreign governments and international organisations	22,548	-	-	22,548	22,548	-	100.0%	20,510	17,555	17,555	
Public corporations and private enterprises	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000	100,000	
Public corporations	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000	100,000	
Other transfers to public corporations	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000	100,000	
Non-profit institutions	477,481	-	-	477,481	488,502	(11,021)	102.3%	438,281	448,679	448,679	
Households	9,850	4,769	-	14,619	13,992	627	95.7%	6,925	6,462	6,462	
Social benefits	5,850	4,121	-	9,971	9,345	626	93.7%	6,867	6,405	6,405	
Other transfers to households	4,000	648	-	4,648	4,647	1	100.0%	58	58	58	
<b>Payments for capital assets</b>	<b>529,640</b>	<b>-</b>	<b>(38,239)</b>	<b>491,401</b>	<b>420,714</b>	<b>70,687</b>	<b>85.6%</b>	<b>728,352</b>	<b>631,060</b>	<b>631,060</b>	
Buildings and other fixed structures	416,065	-	(29,513)	386,552	315,914	70,638	81.7%	626,206	567,365	567,365	
Buildings	416,065	-	(29,513)	386,552	315,914	70,638	81.7%	626,206	567,365	567,365	
Machinery and equipment	107,232	5,120	(8,726)	103,626	103,577	49	100.0%	85,676	47,511	47,511	
Transport equipment	-	1,374	-	1,374	1,374	-	100.0%	132	132	132	
Other machinery and equipment	107,232	3,746	(8,726)	102,252	102,203	49	100%	85,544	47,379	47,379	
Intangible assets	6,343	(5,120)	-	1,223	1,223	-	100%	16,470	16,184	16,184	
<b>Payments for financial assets</b>	<b>-</b>	<b>214</b>	<b>3,225</b>	<b>3,439</b>	<b>3,439</b>	<b>-</b>	<b>100.0%</b>	<b>7,788</b>	<b>7,788</b>	<b>7,788</b>	
<b>Total</b>	<b>6,121,320</b>	<b>-</b>	<b>-</b>	<b>6,121,320</b>	<b>6,022,038</b>	<b>99,282</b>	<b>98.4%</b>	<b>6,175,261</b>	<b>6,022,654</b>	<b>6,022,654</b>	

Programme I: Administration	2014/15							2013/14	
	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. Ministry	31,278	1,899	(9,428)	23,749	23,435	314	98.7%	19,545	19,512
2. Management	136,226	(3,937)	(908)	131,381	130,471	910	99.3%	108,031	107,692
3. Corporate Services	556,010	(2,620)	(969)	552,421	549,178	3,243	99.4%	539,141	518,359
4. Office Accommodation	467,063	4,658	-	471,721	471,721	-	100.0%	465,789	453,488
<b>Total for sub programmes</b>	<b>1,190,577</b>	<b>-</b>	<b>(11,305)</b>	<b>1,179,272</b>	<b>1,174,805</b>	<b>4,467</b>	<b>99.6%</b>	<b>1,132,506</b>	<b>1,099,051</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>1,125,862</b>	<b>(121)</b>	<b>(13,336)</b>	<b>1,112,405</b>	<b>1,108,382</b>	<b>4,023</b>	<b>99.6%</b>	<b>1,083,487</b>	<b>1,068,284</b>
Compensation of employees	292,977	-	-	292,977	289,294	3,683	98.7%	239,385	232,509
Salaries and wages	253,933	7,597	-	261,530	259,068	2,462	99.1%	211,565	205,499
Social contributions	39,044	(7,597)	-	31,447	30,226	1,221	96.1%	27,820	27,010
Goods and services	832,885	(121)	(13,336)	819,428	819,088	340	100.0%	844,102	835,775
Administrative fees	266	275	(79)	462	461	1	99.8%	537	537
Advertising	8,218	(4,834)	(656)	2,728	2,414	314	88.5%	1,491	1,491
Minor assets	535	304	(12)	827	824	3	99.6%	263	263
Audit costs: External	42,640	16,247	-	58,887	58,887	-	100.0%	54,620	58,594
Bursaries: Employees	2,000	(1,708)	-	292	292	-	100.0%	1,570	1,570
Catering: Departmental activities	911	636	(393)	1,154	1,154	-	100.0%	1,225	1,167
Communication	5,720	3,037	(3,226)	5,531	5,531	-	100.0%	5,588	5,027
Computer services	52,379	(16,942)	(63)	35,374	35,374	-	100.0%	23,956	23,875

Programme I: Administration	2014/15							2013/14		
	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	
Consultants: Business and advisory services	4,103	22,089	(1,526)	24,666	24,666	-	100.0%	41,161	40,831	
Legal services	8,768	13,779	(81)	22,466	22,466	-	100.0%	18,297	18,297	
Contractors	974	4,278	(147)	5,105	5,105	-	100.0%	18,454	18,454	
Agency and support / outsourced services	179,392	(35,746)	(764)	142,882	142,882	-	100.0%	165,771	165,771	
Entertainment	509	(223)	(131)	155	155	-	100.0%	343	312	
Fleet services	1,832	73	(319)	1,586	1,586	-	100.0%	1,457	1,457	
Inventory: Food and food supplies	3	-	(3)	-	-	-	-	-	-	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	3	3	
Inventory: Learner and teacher support material	8	(5)	(3)	-	-	-	-	-	-	
Inventory: Materials and supplies	131	(117)	(14)	-	-	-	-	5	5	
Inventory: Other supplies	329	(289)	(40)	-	-	-	-	-	-	
Consumable supplies	-	1,033	-	1,033	1,033	-	100.0%	2,094	2,094	
Consumable: Stationery, printing and office supplies	4,976	(496)	(127)	4,353	4,353	18	99.6%	3,460	3,460	
Operating leases	226,015	(37,798)	-	188,217	188,217	-	100.0%	222,488	210,187	
Property payments	257,499	32,019	(27)	289,491	289,489	2	100.0%	251,446	251,428	
Travel and subsistence	16,812	6,913	(4,133)	19,592	19,592	-	100.0%	19,279	20,912	
Training and development	8,029	1,596	(184)	9,441	9,440	1	100.0%	3,874	3,874	
Operating payments	7,705	(4,540)	(90)	3,075	3,075	-	100.0%	2,829	2,473	

Programme I: Administration	2014/15						2013/14		
	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
Venues and facilities	3,131	(167)	(1,318)	1,646	1,645	1	99.9%	3,832	3,634
Rental and hiring	-	465	-	465	465	-	100.0%	59	59
<b>Transfers and subsidies</b>	<b>1,195</b>	-	-	<b>1,195</b>	<b>751</b>	<b>444</b>	<b>62.8%</b>	<b>1,156</b>	<b>856</b>
Provinces and municipalities	11	-	-	11	3	8	27.3%	11	2
Municipalities	11	-	-	11	3	8	27.3%	11	2
Municipal bank accounts	11	-	-	11	3	8	27.3%	11	2
Households	1,184	-	-	1,184	748	436	63.2%	1,145	854
Social benefits	1,184	-	-	1,184	748	436	63.2%	1,145	854
<b>Payments for capital assets</b>	<b>63,520</b>	-	<b>2,031</b>	<b>65,551</b>	<b>65,551</b>	-	<b>100.0%</b>	<b>40,075</b>	<b>22,123</b>
Machinery and equipment	57,355	4,977	2,031	64,363	64,363	-	100.0%	24,023	6,071
Transport equipment	-	1,374	-	1,374	1,374	-	100.0%	-	-
Other machinery and equipment	57,355	3,603	2,031	62,989	62,989	-	100.0%	24,023	6,071
Intangible assets	6,165	(4,977)	-	1,188	1,188	-	100.0%	16,052	16,052
<b>Payments for financial assets</b>	<b>-</b>	<b>121</b>	<b>-</b>	<b>121</b>	<b>121</b>	<b>-</b>	<b>100.0%</b>	<b>7,788</b>	<b>7,788</b>
<b>Total</b>	<b>1,190,577</b>	<b>-</b>	<b>(11,305)</b>	<b>1,179,272</b>	<b>1,174,805</b>	<b>4,467</b>	<b>99.6%</b>	<b>1,132,506</b>	<b>1,099,051</b>

Sub programme: I.1: Ministry	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>31,077</b>	-	<b>(9,428)</b>	<b>21,649</b>	<b>21,336</b>	<b>313</b>	<b>98.6%</b>	<b>19,340</b>	<b>19,340</b>
Compensation of employees	14,094	-	-	14,094	13,784	310	97.8%	11,405	11,405
Goods and services	16,983	-	(9,428)	7,555	7,552	3	100.0%	7,935	7,935
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1</b>	<b>3</b>	-	<b>4</b>	<b>3</b>	<b>1</b>	<b>75.0%</b>	<b>5</b>	<b>2</b>
Provinces and municipalities	1	3	-	4	3	1	75.0%	5	2
<b>Payments for capital assets</b>	<b>200</b>	<b>1,896</b>	-	<b>2,096</b>	<b>2,096</b>	<b>-</b>	<b>100.0%</b>	<b>200</b>	<b>170</b>
Machinery and equipment	200	1,896	-	2,096	2,096	-	100.0%	200	170
<b>Total</b>	<b>31,278</b>	<b>1,899</b>	<b>(9,428)</b>	<b>23,749</b>	<b>23,435</b>	<b>314</b>	<b>98.7%</b>	<b>19,545</b>	<b>19,512</b>

Sub programme: I.2: Management	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>135,237</b>	<b>(6,240)</b>	<b>(908)</b>	<b>128,089</b>	<b>127,179</b>	<b>910</b>	<b>99.3%</b>	<b>107,098</b>	<b>107,098</b>
Compensation of employees	76,168	(1,582)	-	74,586	73,676	910	98.8%	56,358	56,358
Goods and services	59,069	(4,658)	(908)	53,503	53,503	-	100.0%	50,740	50,740
<b>Transfers and subsidies</b>	<b>-</b>	<b>343</b>	<b>-</b>	<b>343</b>	<b>343</b>	<b>-</b>	<b>100.0%</b>	<b>150</b>	<b>112</b>
Households	-	343	-	343	343	-	100.0%	150	112
<b>Payments for capital assets</b>	<b>989</b>	<b>1,960</b>	<b>-</b>	<b>2,949</b>	<b>2,949</b>	<b>-</b>	<b>100.0%</b>	<b>783</b>	<b>482</b>
Machinery and equipment	954	1,995	-	2,949	2,949	-	100.0%	783	482
Intangible assets	35	(35)	-	-	-	-	-	-	-
<b>Total</b>	<b>136,226</b>	<b>(3,937)</b>	<b>(908)</b>	<b>131,381</b>	<b>130,471</b>	<b>910</b>	<b>99.3%</b>	<b>108,031</b>	<b>107,692</b>

Sub programme: 1.3: Corporate Services	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>492,485</b>	<b>1,461</b>	<b>(3,000)</b>	<b>490,946</b>	<b>488,146</b>	<b>2,800</b>	<b>99.4%</b>	<b>491,260</b>	<b>488,358</b>
Compensation of employees	202,715	1,582	-	204,297	201,834	2,463	98.8%	171,622	164,746
Goods and services	289,770	(121)	(3000)	286,649	286,312	337	99.9%	319,638	323,612
<b>Transfers and subsidies</b>	<b>1,194</b>	<b>(346)</b>	<b>-</b>	<b>848</b>	<b>405</b>	<b>443</b>	<b>47.8%</b>	<b>1,001</b>	<b>743</b>
Provinces and municipalities	10	(3)	-	7	-	7	-	6	-
Households	1,184	(343)	-	841	405	436	48.2%	995	743
<b>Payments for capital assets</b>	<b>62,331</b>	<b>(3,856)</b>	<b>2,031</b>	<b>60,506</b>	<b>60,506</b>	<b>-</b>	<b>100.0%</b>	<b>39,092</b>	<b>21,471</b>
Machinery and equipment	56,201	1,086	2,031	59,318	59,318	-	100.0%	23,040	5,419
Intangible assets	6,130	(4,942)	-	1,188	1,188	-	100.0%	16,052	16,052
<b>Payments for financial assets</b>	<b>-</b>	<b>121</b>	<b>-</b>	<b>121</b>	<b>121</b>	<b>-</b>	<b>100.0%</b>	<b>7,788</b>	<b>7,788</b>
<b>Total</b>	<b>556,010</b>	<b>(2,620)</b>	<b>(969)</b>	<b>552,421</b>	<b>549,178</b>	<b>3,243</b>	<b>99.4%</b>	<b>539,141</b>	<b>518,359</b>

Sub programme: 1.4: Office Accommodation											
2014/15										2013/14	
	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		R'000
<b>Economic classification</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>R'000</b>
<b>Current payments</b>	<b>467,063</b>	<b>4,658</b>	-	<b>471,721</b>	<b>471,721</b>	-	<b>100.0%</b>	<b>465,789</b>	<b>453,488</b>		<b>453,488</b>
Goods and services	467,063	4,658	-	471,721	471,721	-	100.0%	465,789	453,488		453,488
<b>Total</b>	<b>467,063</b>	<b>4,658</b>	<b>-</b>	<b>471,721</b>	<b>471,721</b>	<b>-</b>	<b>100.0%</b>	<b>465,789</b>	<b>453,488</b>		<b>453,488</b>

Programme 2: Immovable Asset Management											
	2014/15						2013/14				
	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	R'000	R'000
<b>Sub programme</b>											
1. Infrastructure (Public Works)	510,369	19,277	(15,563)	514,083	443,445	70,638	86.3%	626,206	567,365		
2. Strategic Asset Investment Analysis	167,865	(76,110)	(9,089)	82,666	82,666	-	100.0%	124,099	93,903		
3. Operation Management	1,179,893	49,812	3,038	1,232,743	1,232,476	267	100.0%	1,181,368	1,168,021		
4. Prestige Management	40,133	28,701	-	68,834	68,828	6	100.0%	38,112	35,556		
5. Special Projects	102,046	(21,680)	(505)	79,861	79,861	-	100.0%	96,903	96,440		
6. Construction Industry Development Board	77,212	-	-	77,212	77,212	-	100.0%	72,361	72,361		
7. Council for the Built Environment	41,572	-	-	41,572	41,572	-	100.0%	37,959	37,959		
8. Parliamentary Village Management Board	8,690	-	-	8,690	8,690	-	100.0%	8,198	8,198		
9. Augmentation of the Property Management Trading Entity	673,372	-	-	673,372	673,372	-	100.0%	682,426	682,426		
10. Independent Development Trust	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000		
<b>Total for sub programmes</b>	<b>2,851,152</b>	<b>-</b>	<b>(22,119)</b>	<b>2,829,033</b>	<b>2,758,122</b>	<b>70,911</b>	<b>97.5%</b>	<b>2,967,632</b>	<b>2,862,229</b>		
<b>Economic classification</b>											
<b>Current payments</b>	<b>1,528,766</b>	<b>(4,748)</b>	<b>13,950</b>	<b>1,537,968</b>	<b>1,537,710</b>	<b>258</b>	<b>100.0%</b>	<b>1,375,739</b>	<b>1,348,528</b>		
Compensation of employees	1,232,604	(50,225)	-	1,182,379	1,182,126	253	100.0%	1,122,122	1,122,122		
Salaries and wages	1,063,733	(39,862)	-	1,023,871	1,023,618	253	100.0%	968,026	967,520		
Social contributions	168,871	(10,363)	-	158,508	158,508	-	100.0%	154,096	154,602		
Goods and services	296,162	45,468	13,950	355,580	355,575	5	100.0%	253,617	226,406		

Programme 2: Immovable Asset Management												
	2014/15						2013/14					
	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	R'000	R'000	R'000
Administrative fees	240	(227)	-	13	13	-	100.0%	53	53	-	100.0%	53
Advertising	4,496	425	-	4,921	4,921	-	100.0%	3,325	3,325	-	100.0%	3,325
Minor assets	10,879	(92)	-	10,787	10,782	5	100.0%	4,672	4,235	-	100.0%	4,235
Bursaries: Employees	609	(609)	-	-	-	-	-	2	2	-	-	2
Catering: Departmental activities	704	134	-	838	838	-	100.0%	1,851	1,851	-	100.0%	1,851
Communication	26,788	(9,760)	-	17,028	17,028	-	100.0%	19,185	19,185	-	100.0%	19,185
Computer services	1,026	(702)	-	324	324	-	100.0%	390	390	-	100.0%	390
Consultants: Business and advisory services	6,197	5,153	-	11,350	11,350	-	100.0%	76,611	50,980	-	100.0%	50,980
Infrastructure and planning services	155	(155)	-	-	-	-	-	137	137	-	-	137
Legal services	-	-	-	-	-	-	-	81	81	-	-	81
Contractors	3,504	2,857	-	6,361	6,361	-	100.0%	4,528	4,528	-	100.0%	4,528
Agency and support / outsourced services	35,316	(485)	-	34,831	34,831	-	100.0%	423	423	-	100.0%	423
Entertainment	203	(98)	-	105	105	-	100.0%	272	272	-	100.0%	272
Fleet services	14,530	1,636	-	16,166	16,166	-	100.0%	15,001	15,001	-	100.0%	15,001
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	3,799	3,799	-	-	3,799
Inventory: Food and food supplies	12	(12)	-	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	9,004	(9,004)	-	-	-	-	-	7,529	7,529	-	-	7,529
Inventory: Learner and teacher support material	11	(11)	-	-	-	-	-	-	-	-	-	-

Programme 2: Immovable Asset Management											
	2014/15						2013/14				
	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	R'000	R'000
Inventory: Materials and supplies	958	(958)	-	-	-	-	-	986	986	986	986
Inventory: Medical supplies	11	(11)	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	15,131	(15,131)	-	-	-	-	-	1,067	1,067	-	-
Consumable supplies	-	15,031	-	15,031	15,031	-	100.0%	9,589	9,589	9,589	9,589
Consumable: Stationery, printing and office supplies	6,531	(1,050)	-	5,481	5,481	-	100.0%	6,169	6,169	6,169	6,169
Operating leases	10,468	29,252	-	39,720	39,720	-	100.0%	37,279	37,279	37,279	37,279
Property payments	95,557	20,040	13,950	129,547	129,547	-	100.0%	2,833	2,833	2,833	2,833
Travel and subsistence	44,977	7,211	-	52,188	52,188	-	100.0%	48,376	48,376	48,376	48,376
Training and development	5,542	(699)	-	4,843	4,843	-	100.0%	2,901	2,901	2,901	2,901
Operating payments	2,650	2,957	-	5,607	5,607	-	100.0%	4,755	4,755	4,755	4,755
Venues and facilities	663	(231)	-	432	432	-	100.0%	1,778	1,778	1,778	1,760
Rental and hiring	-	7	-	7	7	-	100.0%	25	25	25	25
Interest and rent on land	-	9	-	9	9	-	100.0%	-	-	-	-
Interest	-	9	-	9	9	-	100.0%	-	-	-	-
<b>Transfers and subsidies</b>	<b>859,177</b>	<b>4,748</b>	-	<b>863,925</b>	<b>863,910</b>	<b>15</b>	<b>100.0%</b>	<b>906,363</b>	<b>906,350</b>	<b>906,350</b>	<b>906,350</b>
Provinces and municipalities	15	-	-	15	2	13	13.3%	15	15	15	2
Municipalities	15	-	-	15	2	13	13.3%	15	15	15	2
Municipal bank accounts	15	-	-	15	2	13	13.3%	15	15	15	2
Departmental agencies and accounts	800,846	-	-	800,846	800,846	-	100.0%	800,944	800,944	800,944	800,944
Departmental agencies	800,846	-	-	800,846	800,846	-	100.0%	800,944	800,944	800,944	800,944

Programme 2: Immovable Asset Management											
2014/15										2013/14	
	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		R'000
Public corporations and private enterprises	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000		100,000
Public corporations	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000		100,000
Other transfers to public corporations	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000		100,000
Households	8,316	4,748	-	13,064	13,062	2	100.0%	5,404	5,404		5,404
Social benefits	4,316	4,162	-	8,478	8,477	1	100.0%	5,346	5,346		5,346
Other transfers to households	4,000	586	-	4,586	4,585	1	100.0%	58	58		58
<b>Payments for capital assets</b>	<b>463,209</b>	<b>-</b>	<b>(39,294)</b>	<b>423,915</b>	<b>353,277</b>	<b>70,638</b>	<b>83.3%</b>	<b>685,530</b>	<b>607,351</b>		<b>607,351</b>
Buildings and other fixed structures	416,065	-	(29,513)	386,552	315,914	70,638	81.7%	626,206	567,365		567,365
Buildings	416,065	-	(29,513)	386,552	315,914	70,638	81.7%	626,206	567,365		567,365
Machinery and equipment	46,966	143	(9,781)	37,328	37,328	-	100.0%	58,906	39,854		39,854
Transport equipment	-	-	-	-	-	-	-	132	132		132
Other machinery and equipment	46,966	143	(9,781)	37,328	37,328	-	100.0%	58,774	39,722		39,722
Intangible assets	178	(143)	-	35	35	-	100.0%	418	132		132
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>3,225</b>	<b>3,225</b>	<b>3,225</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Total</b>	<b>2,851,152</b>	<b>-</b>	<b>(22,119)</b>	<b>2,829,033</b>	<b>2,758,122</b>	<b>70,911</b>	<b>97.5%</b>	<b>2,967,632</b>	<b>2,862,229</b>		<b>2,862,229</b>

Sub-programme: 2.1: Infrastructure (Public Works)	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>94,304</b>	<b>19,277</b>	<b>13,950</b>	<b>127,531</b>	<b>127,531</b>	-	<b>100.0%</b>	-	-
Goods and services	94,304	19,277	13,950	127,531	127,531	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>416,065</b>	-	<b>(29,513)</b>	<b>386,552</b>	<b>315,914</b>	<b>70,638</b>	<b>81.7%</b>	<b>626,206</b>	<b>567,365</b>
Buildings and other fixed structures	416,065	-	(29,513)	386,552	315,914	70,638	81.7%	626,206	567,365
<b>Total</b>	<b>510,369</b>	<b>19,277</b>	<b>(15,563)</b>	<b>514,083</b>	<b>443,445</b>	<b>70,638</b>	<b>86.3%</b>	<b>626,206</b>	<b>567,365</b>

Sub-programme: 2.2: Strategic Asset Investment Analysis	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>151,632</b>	<b>(69,844)</b>	-	<b>81,788</b>	<b>81,788</b>	-	<b>100.0%</b>	<b>118,968</b>	<b>93,338</b>
Compensation of employees	104,878	(53,891)	-	50,987	50,987	-	100.0%	49,141	49,141
Goods and services	46,754	(15,953)	-	30,801	30,801	-	100.0%	69,827	44,197
<b>Transfers and subsidies</b>	<b>183</b>	<b>156</b>	-	<b>339</b>	<b>339</b>	-	<b>100.0%</b>	<b>168</b>	<b>168</b>
Households	183	156	-	339	339	-	100.0%	168	168
<b>Payments for capital assets</b>	<b>16,050</b>	<b>(6,422)</b>	<b>(9,089)</b>	<b>539</b>	<b>539</b>	-	<b>100.0%</b>	<b>4,963</b>	<b>398</b>
Machinery and equipment	16,050	(6,422)	(9,089)	539	539	-	100.0%	4,963	398
<b>Total</b>	<b>167,865</b>	<b>(76,110)</b>	<b>(9,089)</b>	<b>82,666</b>	<b>82,666</b>	-	<b>100.0%</b>	<b>124,099</b>	<b>93,903</b>

Sub-programme: 2.3: Operation Management											
2014/15						2013/14					
	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>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>Current payments</b>	<b>1,165,442</b>	<b>39,202</b>	-	<b>1,204,644</b>	<b>1,204,391</b>	<b>253</b>	<b>100.0%</b>	<b>1,149,686</b>	<b>1,149,686</b>		
Compensation of employees	1,033,691	4,965	-	1,038,656	1,038,403	253	100.0%	982,128	982,128		
Goods and services	131,751	34,228	-	165,979	165,979	-	100.0%	167,558	167,558		
Interest and rent on land	-	9	-	9	9	-	100.0%	-	-		
<b>Transfers and subsidies</b>	<b>8,148</b>	<b>4,188</b>	-	<b>12,336</b>	<b>12,322</b>	<b>14</b>	<b>99.9%</b>	<b>4,796</b>	<b>4,784</b>		
Provinces and municipalities	15	-	-	15	2	13	13.3%	15	2		
Households	8,133	4,188	-	12,321	12,320	1	100.0%	4,781	4,782		
<b>Payments for capital assets</b>	<b>6,303</b>	<b>6,422</b>	<b>(187)</b>	<b>12,538</b>	<b>12,538</b>	<b>-</b>	<b>100.0%</b>	<b>26,886</b>	<b>13,552</b>		
Machinery and equipment	6,125	6,565	(187)	12,503	12,503	-	100.0%	26,468	13,420		
Intangible assets	178	(143)	-	35	35	-	100.0%	418	132		
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>3,225</b>	<b>3,225</b>	<b>3,225</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>		
<b>Total</b>	<b>1,179,893</b>	<b>49,812</b>	<b>3,038</b>	<b>1,232,743</b>	<b>1,232,476</b>	<b>267</b>	<b>100.0%</b>	<b>1,181,368</b>	<b>1,168,021</b>		

Sub-programme: 2.4: Prestige Management	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>19,662</b>	<b>25,388</b>	-	<b>45,050</b>	<b>45,045</b>	<b>5</b>	<b>100.0%</b>	<b>27,057</b>	<b>25,899</b>
Compensation of employees	7,710	15,493	-	23,203	23,203	-	100.0%	20,822	20,822
Goods and services	11,952	9,895	-	21,847	21,842	5	100.0%	6,235	5,077
<b>Transfers and subsidies</b>	<b>-</b>	<b>31</b>	-	<b>31</b>	<b>30</b>	<b>1</b>	<b>96.8%</b>	<b>55</b>	<b>55</b>
Households	-	31	-	31	30	1	96.8%	55	55
<b>Payments for capital assets</b>	<b>20,471</b>	<b>3,282</b>	-	<b>23,753</b>	<b>23,753</b>	<b>-</b>	<b>100.0%</b>	<b>11,000</b>	<b>9,602</b>
Machinery and equipment	20,471	3,282	-	23,753	23,753	-	100.0%	11,000	9,602
<b>Total</b>	<b>40,133</b>	<b>28,701</b>	-	<b>68,834</b>	<b>68,828</b>	<b>6</b>	<b>100.0%</b>	<b>38,112</b>	<b>35,556</b>

Sub-programme: 2.5: Special Projects	2014/15							2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Current payments</b>	<b>97,726</b>	<b>(18,771)</b>	-	<b>78,955</b>	<b>78,955</b>	-	<b>100.0%</b>	<b>80,028</b>	<b>79,606</b>	
Compensation of employees	86,325	(16,792)	-	69,533	69,533	-	100.0%	70,031	70,031	
Goods and services	11,401	(1,979)	-	9,422	9,422	-	100.0%	9,997	9,575	
<b>Transfers and subsidies</b>	<b>-</b>	<b>373</b>	-	<b>373</b>	<b>373</b>	-	<b>100.0%</b>	<b>400</b>	<b>400</b>	
Households	-	373	-	373	373	-	100.0%	400	400	
<b>Payments for capital assets</b>	<b>4,320</b>	<b>(3,282)</b>	<b>(505)</b>	<b>533</b>	<b>533</b>	-	<b>100.0%</b>	<b>16,475</b>	<b>16,434</b>	
Machinery and equipment	4,320	(3,282)	(505)	533	533	-	100.0%	16,475	16,434	
<b>Total</b>	<b>102,046</b>	<b>(21,680)</b>	<b>(505)</b>	<b>79,861</b>	<b>79,861</b>	-	<b>100.0%</b>	<b>96,903</b>	<b>96,440</b>	

Sub-programme: 2.6: Construction Industry Development Board	2014/15							2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Transfers and subsidies</b>	<b>77,212</b>	-	-	<b>77,212</b>	<b>77,212</b>	-	<b>100.0%</b>	<b>72,361</b>	<b>72,361</b>	
Departmental agencies and accounts	77,212	-	-	77,212	77,212	-	100.0%	72,361	72,361	
<b>Total</b>	<b>77,212</b>	<b>-</b>	<b>-</b>	<b>77,212</b>	<b>77,212</b>	<b>-</b>	<b>100.0%</b>	<b>72,361</b>	<b>72,361</b>	

**Sub-programme: 2.7: Council for the Built Environment**

		2014/15						2013/14		
	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>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>Transfers and subsidies</b>	<b>41,572</b>	<b>-</b>	<b>-</b>	<b>41,572</b>	<b>41,572</b>	<b>-</b>	<b>100.0%</b>	<b>37,959</b>	<b>37,959</b>	
Departmental agencies and accounts	41,572	-	-	41,572	41,572	-	100.0%	37,959	37,959	
<b>Total</b>	<b>41,572</b>	<b>-</b>	<b>-</b>	<b>41,572</b>	<b>41,572</b>	<b>-</b>	<b>100.0%</b>	<b>37,959</b>	<b>37,959</b>	

**Sub-programme: 2.8: Parliamentary Village Management Board**

		2014/15						2013/14		
	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>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>Transfers and subsidies</b>	<b>8,690</b>	<b>-</b>	<b>-</b>	<b>8,690</b>	<b>8,690</b>	<b>-</b>	<b>100.0%</b>	<b>8,198</b>	<b>8,198</b>	
Departmental agencies and accounts	8,690	-	-	8,690	8,690	-	100.0%	8,198	8,198	
<b>Total</b>	<b>8,690</b>	<b>-</b>	<b>-</b>	<b>8,690</b>	<b>8,690</b>	<b>-</b>	<b>100.0%</b>	<b>8,198</b>	<b>8,198</b>	

Sub-programme: 2.9: Augmentation of the Property Management Trading Entity										
	2014/15					2013/14				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
<b>Economic classification</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>R'000</b>
<b>Transfers and subsidies</b>	<b>673,372</b>	-	-	<b>673,372</b>	<b>673,372</b>	-	<b>100.0%</b>	<b>682,426</b>	<b>682,426</b>	<b>682,426</b>
Departmental agencies and accounts	673,372	-	-	673,372	673,372	-	100.0%	682,426	682,426	682,426
<b>Total</b>	<b>673,372</b>	-	-	<b>673,372</b>	<b>673,372</b>	-	<b>100.0%</b>	<b>682,426</b>	<b>682,426</b>	<b>682,426</b>

Sub-programme: 2.10: Independent Development Trust										
	2014/15					2013/14				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
<b>Economic classification</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>R'000</b>
<b>Transfers and subsidies</b>	<b>50,000</b>	-	-	<b>50,000</b>	<b>50,000</b>	-	<b>100.0%</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
Public corporations and private enterprises	50,000	-	-	50,000	50,000	-	100.0%	100,000	100,000	100,000
<b>Total</b>	<b>50,000</b>	-	-	<b>50,000</b>	<b>50,000</b>	-	<b>100.0%</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

Programme 3: Expanded Public Works Programme									
	2014/15					2013/14			
	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. Expanded Public Works Programme	261,541	-	(4,815)	256,726	237,069	19,657	92.3%	263,075	261,799
2. Performance Based Incentive Allocations	1,689,754	-	-	1,689,754	1,688,511	1,243	99.9%	1,674,202	1,669,891
<b>Total for sub programmes</b>	<b>1,951,295</b>	<b>-</b>	<b>(4,815)</b>	<b>1,946,480</b>	<b>1,925,580</b>	<b>20,900</b>	<b>98.9%</b>	<b>1,937,277</b>	<b>1,931,690</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>269,391</b>	<b>(114)</b>	<b>(3,839)</b>	<b>265,438</b>	<b>245,781</b>	<b>19,657</b>	<b>92.6%</b>	<b>270,447</b>	<b>270,257</b>
Compensation of employees	133,233	(114)	(3,839)	129,280	112,425	16,855	87.0%	108,310	108,310
Salaries and wages	114,380	(114)	(3,839)	110,427	99,663	10,764	90.3%	96,018	96,018
Social contributions	18,853	-	-	18,853	12,762	6,091	67.7%	12,292	12,292
Goods and services	136,158	-	-	136,158	133,356	2,802	97.9%	162,137	161,947
Administrative fees	5	-	-	5	-	5	-	60	60
Advertising	4,238	288	-	4,526	4,526	-	100.0%	7,090	7,090
Minor assets	54	143	-	197	197	-	100.0%	271	271
Catering: Departmental activities	138	112	-	250	250	-	100.0%	515	515
Communication	1,063	228	-	1,291	1,291	-	100.0%	1,261	1,261
Computer services	342	(134)	-	208	208	-	100.0%	499	499
Consultants: Business and advisory services	-	7,755	-	7,755	7,754	1	100.0%	74,390	74,200
Infrastructure and planning services	48,917	(32,578)	-	16,339	15,958	381	97.7%	9,667	9,429

Programme 3: Expanded Public Works Programme											
	2014/15						2013/14				
	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	R'000	R'000
Contractors	-	656	-	656	656	-	100.0%	1,248	1,248	1,248	1,248
Agency and support / outsourced services	52,026	24,937	-	76,963	76,963	-	100.0%	34,917	34,917	34,917	34,917
Entertainment	-	38	-	38	38	-	100.0%	118	118	118	118
Fleet services	-	302	-	302	302	-	100.0%	1,147	1,147	1,147	1,147
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	436	436	436	436
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	38	38	38	38
Inventory: Learner and teacher support material	422	(422)	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	4	4	4	4
Consumable supplies	-	661	-	661	661	-	100.0%	313	313	313	313
Consumable: Stationery, printing and office supplies	434	1,184	-	1,618	1,618	-	100.0%	1,313	1,313	1,313	1,313
Operating leases	530	-	-	530	236	294	44.5%	100	100	100	100
Travel and subsistence	23,083	(4,332)	-	18,751	18,751	-	100.0%	24,237	24,237	24,475	24,475
Training and development	-	174	-	174	174	-	100.0%	355	355	355	355
Operating payments	79	592	-	671	671	-	100.0%	853	853	853	853
Venues and facilities	4,827	-	-	4,827	2,706	2,121	56.1%	2,781	2,781	2,781	2,781
Rental and hiring	-	396	-	396	396	-	100.0%	524	524	524	524
<b>Transfers and subsidies</b>	<b>1,679,125</b>	<b>21</b>	<b>-</b>	<b>1,679,146</b>	<b>1,677,903</b>	<b>1,243</b>	<b>99.9%</b>	<b>1,664,208</b>	<b>1,664,208</b>	<b>1,659,895</b>	<b>1,659,895</b>
Provinces and municipalities	1,201,494	-	-	1,201,494	1,200,251	1,243	99.9%	1,225,752	1,225,752	1,221,441	1,221,441

	2014/15						2013/14		
	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
Provinces	606,919	-	-	606,919	605,676	1,243	99.8%	614,478	610,167
Provincial agencies and funds	606,919	-	-	606,919	605,676	1,243	99.8%	614,478	610,167
Municipalities	594,575	-	-	594,575	594,575	-	100.0%	611,274	611,274
Municipal bank accounts	594,575	-	-	594,575	594,575	-	100.0%	611,274	611,274
Non-profit institutions	477,481	-	-	477,481	477,481	-	100.0%	438,281	438,281
Households	150	21	-	171	171	-	100.0%	175	173
Social benefits	150	(41)	-	109	109	-	100.0%	175	173
Other transfers to households	-	62	-	62	62	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>2,779</b>	-	<b>(976)</b>	<b>1,803</b>	<b>1,803</b>	-	<b>100.0%</b>	<b>2,622</b>	<b>1,538</b>
Machinery and equipment	2,779	-	(976)	1,803	1,803	-	100.0%	2,622	1,538
Other machinery and equipment	2,779	-	(976)	1,803	1,803	-	100.0%	2,622	1,538
<b>Payments for financial assets</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>93</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,951,295</b>	<b>-</b>	<b>(4,815)</b>	<b>1,946,480</b>	<b>1,925,580</b>	<b>20,900</b>	<b>98.9.0%</b>	<b>1,937,277</b>	<b>1,931,690</b>

Sub-programme: 3.1 Expanded Public Works Programme									
	2014/15					2013/14			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>258,612</b>	<b>(114)</b>	<b>(3,839)</b>	<b>254,659</b>	<b>235,002</b>	<b>19,657</b>	<b>92.3%</b>	<b>260,278</b>	<b>260,088</b>
Compensation of employees	133,233	(114)	(3,839)	129,280	112,425	16,855	87.0%	108,310	108,310
Goods and services	125,379	-	-	125,379	122,577	2,802	97.8%	151,968	151,778
<b>Transfers and subsidies</b>	<b>150</b>	<b>21</b>	<b>-</b>	<b>171</b>	<b>171</b>	<b>-</b>	<b>100.0%</b>	<b>175</b>	<b>173</b>
Households	150	21	-	171	171	-	100.0%	175	173
<b>Payments for capital assets</b>	<b>2,779</b>	<b>-</b>	<b>(976)</b>	<b>1,803</b>	<b>1,803</b>	<b>-</b>	<b>100.0%</b>	<b>2,622</b>	<b>1,538</b>
Machinery and equipment	2,779	-	(976)	1,803	1,803	-	100.0%	2,622	1,538
<b>Payments for financial assets</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>93</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>261,541</b>	<b>-</b>	<b>(4,815)</b>	<b>256,726</b>	<b>237,069</b>	<b>19,657</b>	<b>92.3%</b>	<b>263,075</b>	<b>261,799</b>

Sub-programme: 3.2. Performance Based Incentive Allocations									
	2014/15					2013/14			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>10,779</b>	<b>-</b>	<b>-</b>	<b>10,779</b>	<b>10,779</b>	<b>-</b>	<b>100.0%</b>	<b>10,169</b>	<b>10,169</b>
Goods and services	10,779	-	-	10,779	10,779	-	100.0%	10,169	10,169
<b>Transfers and subsidies</b>	<b>1,678,975</b>	<b>-</b>	<b>-</b>	<b>1,678,975</b>	<b>1,677,732</b>	<b>1,243</b>	<b>99.9%</b>	<b>1,664,033</b>	<b>1,659,722</b>
Provinces and municipalities	1,201,494	-	-	1,201,494	1,200,251	1,243	99.9%	1,225,752	1,221,441
Non-profit institutions	477,481	-	-	477,481	477,481	-	100.0%	438,281	438,281
<b>Total</b>	<b>1,689,754</b>	<b>-</b>	<b>-</b>	<b>1,689,754</b>	<b>1,688,511</b>	<b>1,243</b>	<b>99.9%</b>	<b>1,674,202</b>	<b>1,669,891</b>

Programme 4: Property and Construction Industry Policy Regulation									
	2014/15					2013/14			
	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 Industry Development Programme	21,345	(454)	-	20,891	18,738	2,153	89.7%	19,936	19,083
2. Property Industry Development Programme	15,001	454	(2,010)	13,445	12,625	820	93.9%	16,746	13,675
<b>Total for sub programmes</b>	<b>36,346</b>	<b>-</b>	<b>(2,010)</b>	<b>34,336</b>	<b>31,363</b>	<b>2,973</b>	<b>91.3%</b>	<b>36,682</b>	<b>32,758</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>36,014</b>	<b>-</b>	<b>(2,010)</b>	<b>34,004</b>	<b>20,248</b>	<b>13,756</b>	<b>59.5%</b>	<b>36,357</b>	<b>22,281</b>
Compensation of employees	8,983	-	-	8,983	7,930	1,053	88.3%	10,811	8,556
Salaries and wages	7,725	72	-	7,797	7,093	704	91.0%	9,297	7,544
Social contributions	1,258	(72)	-	1,186	837	349	70.6%	1,514	1,012
Goods and services	27,031	-	(2,010)	25,021	12,318	12,703	49.2%	25,546	13,725
Administrative fees	6	-	-	6	-	6	-	6	-
Advertising	419	(43)	-	376	347	29	92.3%	269	39
Minor assets	17	(10)	-	7	-	7	-	15	-
Catering: Departmental activities	148	(23)	-	125	2	123	1.6%	142	3
Communication	167	31	-	198	180	18	90.9%	158	122
Computer services	28	(7)	-	21	-	21	-	27	-
Consultants: Business and advisory services	2,476	1,923	-	4,399	4,399	-	100.0%	2,301	3,393

Programme 4: Property and Construction Industry Policy Regulation											
2014/15											2013/14
	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		R'000
Infrastructure and planning services	7,000	(48)	-	6,952	6,908	44	99.4%	7,000	8,660		7,000
Contractors	137	(110)	-	27	-	27	-	134	-		134
Agency and support / outsourced services	11,869	-	(848)	11,021	-	11,021	-	11,198	-		11,198
Entertainment	25	-	-	25	3	22	12.0%	23	18		23
Fleet services	-	2	-	2	2	-	100.0%	-	-		-
Inventory: Materials and supplies	272	(272)	-	-	-	-	-	100	-		100
Inventory: Other supplies	3	(3)	-	-	-	-	-	-	-		-
Consumable supplies	-	-	-	-	-	-	-	3	2		3
Consumable: Stationery, printing and office supplies	237	(56)	-	181	51	130	28.2%	225	2		225
Operating leases	172	(28)	-	144	17	127	11.8%	187	20		187
Transport provided: Departmental activity	119	(119)	-	-	-	-	-	210	-		210
Travel and subsistence	2,115	-	(1,162)	953	377	576	39.6%	1,942	430		1,942
Training and development	216	(213)	-	3	-	3	-	180	-		180
Operating payments	395	26	-	421	32	389	7.6%	295	1,009		295
Venues and facilities	1,210	(1,050)	-	160	-	160	-	1,131	27		1,131
<b>Transfers and subsidies</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>11,032</b>	<b>(10,832)</b>	<b>5516.0%</b>	<b>200</b>	<b>10,429</b>		<b>200</b>
Non-profit institutions	-	-	-	-	11,021	(11,021)	-	-	10,398		-
Households	200	-	-	200	11	189	5.5%	200	31		200

Programme 4: Property and Construction Industry Policy Regulation									
2014/15					2013/14				
	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
Social benefits	200	-	-	200	11	189	5.5%	200	31
<b>Payments for capital assets</b>	<b>132</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>83</b>	<b>49</b>	<b>62.9%</b>	<b>125</b>	<b>48</b>
Machinery and equipment	132	-	-	132	83	49	62.9%	125	48
Other machinery and equipment	132	-	-	132	83	49	62.9%	125	48
<b>Total</b>	<b>36,346</b>	<b>-</b>	<b>(2,010)</b>	<b>34,336</b>	<b>31,363</b>	<b>2,973</b>	<b>91.3%</b>	<b>36,682</b>	<b>32,758</b>

Sub-programme: 4.1. Construction Industry Development Programme									
2014/15					2013/14				
	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>21,125</b>	<b>(430)</b>	<b>-</b>	<b>20,695</b>	<b>7,659</b>	<b>13,036</b>	<b>37.0%</b>	<b>19,734</b>	<b>8,659</b>
<b>Current payments</b>	5,727	(430)	-	5,297	4,244	1,053	81.0%	5,355	4,943
Compensation of employees	15,398	-	-	15,398	3,415	11,983	22.2%	14,379	3,716
Goods and services	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>11,032</b>	<b>(10,932)</b>	<b>11032.0%</b>	<b>100</b>	<b>10,399</b>
<b>Transfers and subsidies</b>	100	-	-	-	11,021	(11,021)	-	-	10,398
Non-profit institutions	100	-	-	100	11	89	11.0%	100	1
Households	<b>120</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>47</b>	<b>49</b>	<b>49.3%</b>	<b>102</b>	<b>25</b>
<b>Payments for capital assets</b>	120	(24)	-	96	47	49	49.3%	102	25
Machinery and equipment									
<b>Total</b>	<b>21,345</b>	<b>(454)</b>	<b>-</b>	<b>20,891</b>	<b>18,738</b>	<b>2,153</b>	<b>89.7%</b>	<b>19,936</b>	<b>19,083</b>

Sub-programme: 4.2. Property Industry Development Programme	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>14,889</b>	<b>430</b>	<b>(2,010)</b>	<b>13,309</b>	<b>12,589</b>	<b>720</b>	<b>94.6%</b>	<b>16,623</b>	<b>13,622</b>
Compensation of employees	3,256	430	-	3,686	3,686	-	100.0%	5,456	3,613
Goods and services	11,633	-	(2,010)	9,623	8,903	720	92.5%	11,167	10,009
<b>Transfers and subsidies</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>30</b>
Households	100	-	-	100	-	100	-	100	30
<b>Payments for capital assets</b>	<b>12</b>	<b>24</b>	<b>-</b>	<b>36</b>	<b>36</b>	<b>-</b>	<b>100.0%</b>	<b>23</b>	<b>23</b>
Machinery and equipment	12	24	-	36	36	-	100.0%	23	23
<b>Total</b>	<b>15,001</b>	<b>454</b>	<b>(2,010)</b>	<b>13,445</b>	<b>12,625</b>	<b>820</b>	<b>93.9%</b>	<b>16,746</b>	<b>13,675</b>

Programme 5: Auxiliary and Associated Services									
	2014/15					2013/14			
	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. Compensation for Losses	-	-	-	-	-	-	-	1	-
2. Distress Relief	1	-	-	1	-	1	-	-	-
3. Assistance to Organisations for Preservation of National Memorials	22,548	-	-	22,548	22,548	-	100.0%	20,510	17,555
4. State Functions	67,741	-	40,249	107,990	107,990	-	100.0%	77,903	77,903
5. Sector Education and Training Authority	1,660	-	-	1,660	1,630	30	98.2%	2,750	1,468
<b>Total for sub programmes</b>	<b>91,950</b>	<b>-</b>	<b>40,249</b>	<b>132,199</b>	<b>132,168</b>	<b>31</b>	<b>100.0%</b>	<b>101,164</b>	<b>96,926</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>67,742</b>	<b>-</b>	<b>40,249</b>	<b>107,991</b>	<b>107,990</b>	<b>1</b>	<b>100.0%</b>	<b>77,903</b>	<b>77,903</b>
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	67,742	-	40,249	107,991	107,990	1	100.0%	77,903	77,903
Catering: Departmental activities	-	-	2	2	2	-	100.0%	-	-
Contractors	67,742	-	38,717	106,459	106,458	1	100.0%	76,508	76,508
Fleet services	-	-	3	3	3	-	100.0%	25	25
Consumable supplies	-	-	348	348	348	-	100.0%	-	-
Consumable: Stationery, printing and office supplies	-	-	17	17	17	-	100.0%	-	-
Property payments	-	-	220	220	220	-	100.0%	-	-

Programme 5: Auxiliary and Associated Services											
2014/15										2013/14	
	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		R'000
Travel and subsistence	-	-	145	145	145	-	100.0%	888	888		888
Venues and facilities	-	-	492	492	492	-	100.0%	482	482		482
Rental and hiring	-	-	305	305	305	-	100.0%	-	-		-
<b>Transfers and subsidies</b>	<b>24,208</b>	<b>-</b>	<b>-</b>	<b>24,208</b>	<b>24,178</b>	<b>30</b>	<b>99.9%</b>	<b>23,261</b>	<b>19,023</b>		<b>19,023</b>
Departmental agencies and accounts	1,660	-	-	1,660	1,630	30	98.2%	2,750	1,468		1,468
Departmental agencies	1,660	-	-	1,660	1,630	30	98.2%	2,750	1,468		1,468
Foreign governments and international organisations	22,548	-	-	22,548	22,548	-	100.0%	20,510	17,555		17,555
Households	-	-	-	-	-	-	-	-	-		-
Social benefits	-	-	-	-	-	-	-	-	-		-
<b>Total</b>	<b>91,950</b>	<b>-</b>	<b>40,249</b>	<b>132,199</b>	<b>132,168</b>	<b>31</b>	<b>100.0%</b>	<b>101,164</b>	<b>96,926</b>		<b>96,926</b>

**Sub-programme: 5.1 Compensation for Losses**

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-

**Sub-programme: 5.2 Distress Relief**

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-

Sub-programme: 5.3 Assistance to Organisations for Preservation of National Memorials									
2014/15							2013/14		
	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>22,548</b>	-	-	<b>22,548</b>	<b>22,548</b>	-	<b>100.0%</b>	<b>20,510</b>	<b>17,555</b>
<b>Transfers and subsidies</b>	<b>22,548</b>	-	-	<b>22,548</b>	<b>22,548</b>	-	<b>100.0%</b>	<b>20,510</b>	<b>17,555</b>
Foreign governments and international organisations	22,548	-	-	22,548	22,548	-	100.0%	20,510	17,555
<b>Total</b>	<b>22,548</b>	-	-	<b>22,548</b>	<b>22,548</b>	-	<b>100.0%</b>	<b>20,510</b>	<b>17,555</b>

Sub-programme: 5.4 State Functions									
2014/15							2013/14		
	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>67,741</b>	-	<b>40,249</b>	<b>107,990</b>	<b>107,990</b>	-	<b>100.0%</b>	<b>77,903</b>	<b>77,903</b>
<b>Current payments</b>	<b>67,741</b>	-	<b>40,249</b>	<b>107,990</b>	<b>107,990</b>	-	<b>100.0%</b>	<b>77,903</b>	<b>77,903</b>
Goods and services	67,741	-	40,249	107,990	107,990	-	100.0%	77,903	77,903
<b>Total</b>	<b>67,741</b>	-	<b>40,249</b>	<b>107,990</b>	<b>107,990</b>	-	<b>100.0%</b>	<b>77,903</b>	<b>77,903</b>



# NOTES TO THE APPROPRIATION STATEMENT for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

## 1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

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

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

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

## 3. Detail on payments for financial assets

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

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

### 4.1 Per programme

	Final Approp- riation	Actual Ex- penditure	Variance	Variance as a % of Final Appropri- ation
	R'000	R'000	R'000	R'000
Administration	1,179,272	1,174,805	4,467	0.4%
Immovable Asset Management	2,829,033	2,758,122	70,911	2.5%
Expanded Public Works Programme	1,946,480	1,925,580	20,900	1.1%
Property and Construction Industry Policy Regulations	34,336	31,363	2,973	8.7%
Auxiliary and Associated Services	132,199	132,168	31	0.0%
<b>Immovable Asset Management</b>	<b>2,829,033</b>	<b>2,758,122</b>	<b>70,911</b>	<b>2.5%</b>

Explanation of variance of 2.5% is due to under spending on payments for capital assets (R71 million) for buildings and other fixed structure. Underspending is due to payments made under PMTE in March but could not be claimed by the end of the financial year from the department.

	<b>Final Appro- piation</b>	<b>Actual Ex- penditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropri- ation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Expanded Public Works Programme</b>	<b>1,946,480</b>	<b>1,925,580</b>	<b>20,900</b>	<b>1.1%</b>

Expenditure variance of 1.1% in Programme 3 is due to underspending on compensation of employees (R17 million) as well as goods and services (R2.8 million), transfers and subsidies to provinces (R1.2 million). Compensation of employees under spending is due to vacant positions within EPWP that were filled in the latter part of the financial year. Goods and services was due to committed services, but not delivered before the end of the financial year. Transfers and subsidies (R1.2 million) under spending is due to withheld payments to two Limpopo Provincial Government departments not complying to the condition of the 2014 Division of Revenue Act (DoRA).

<b>Property and Construction Industry Policy Regulations</b>	<b>34,336</b>	<b>31,363</b>	<b>2,973</b>	<b>8.7%</b>
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Expenditure variance of 8.7% is due to underspending on compensation of employees (R1 million) and goods and services (R12.7 million) and over spending of R11 million on transfers and subsidies. Compensation of employees underspent due to vacant positions which were not filled during the financial year. The budget allocation for Agrément SA was classified under goods and services and expenditure was processed under transfers and subsidies resulting in overspending and irregular expenditure of R11 million under transfers and subsidies and underspending on goods and services. Irregular expenditure has been reported for payment made to Agrément SA.

#### 4.2 Per economic classification

	<b>Final Appro- piation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropri- ation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>				
Compensation of employees	1,613,619	1,591,775	21,844	1.4%
Goods and services	1,444,178	1,428,327	15,851	1.1%
Interest and rent on land	9	9	0	0.0%
<b>Transfers and subsidies</b>				
Provinces and municipalities	1,201,520	1,200,256	1,264	0.1%
Departmental agencies and accounts	802,506	802,476	30	0.0%
Public corporations and private enterprises	50,000	50,000	0	0.0%
Foreign governments and international organisations	22,548	22,548	0	0.0%

	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Non-profit institutions	477,481	488,502	(11,021)	(2.3%)
Households	14,619	13,992	627	4.3%

**Payments for capital assets**

Buildings and other fixed structures	386,552	315,914	70,638	18.3%
Machinery and equipment	103,626	103,577	49	0.0%
Intangible assets	1,223	1,223	-	0.0%

**Payments for financial assets**

	3,439	3,439	-	0.0%
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Expenditure variance is due to:

- Compensation of employees under spending of R22 million is mainly due to vacant positions (EPWP) that were filled and those that became vacant in the latter part of the financial year.
- Goods and services under spending of R16 million relates to late receipt of invoices (R5.2 million) that could not be processed before financial year-end and the balance (R11 million) relate to the budget allocation for Agrément SA which was processed under transfers and subsidies.
- Transfers and subsidies for Provinces and municipalities (EPWP Integrated Grant for Provinces) under-spent by R1.2 million. Funds were withheld for 2 Limpopo Provincial Department due to non-compliance to DORA requirements.
- Non-Profit Institutions over spending of R11 million relates to transfer payment to Agrément SA (Programme 4) which was classified under the budget allocation for goods and services
- Payments for capital asset (Buildings & other fixture) R71 million underspending due to delay in processing claim for expenditure relating to infrastructure projects (Programme 2).

**4.3 Per conditional grant**

	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
EPWP Integrated Grant for Municipalities	594,575	594,575	-	0.0%
EPWP Integrated Grant for Provinces	348,947	347,704	1,243	0.4%
Social Sector EPWP Incentive Grant for Provinces	257,972	257,972	-	0.0%

Conditional grant underspent by R1.2million relate to transfer payment to EPWP integrated Grant for Provinces. Funds were withheld due to non-compliance to the Division of Revenue Act requirements by Provincial Government Departments.

# STATEMENT OF FINANCIAL PERFORMANCE

## for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

	Note	2014/15 R'000	2013/14 R'000
<b>REVENUE</b>			
Annual appropriation	1	6,121,320	6,175,261
Departmental revenue	2	16,132	55,470
<b>TOTAL REVENUE</b>		<b>6,137,452</b>	<b>6,230,731</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	1,591,775	1,471,497
Goods and services	4	1,428,327	1,315,755
Interest and rent on land	5	9	-
<b>Total current expenditure</b>		<b>3,020,111</b>	<b>2,787,252</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	2,577,774	2,596,554
<b>Total transfers and subsidies</b>		<b>2,577,774</b>	<b>2,596,554</b>
<b>Expenditure for capital assets</b>			
Tangible assets	8	419,491	614,876
Intangible assets	8	1,223	16,184
<b>Total expenditure for capital assets</b>		<b>420,714</b>	<b>631,060</b>
<b>Payments for financial assets</b>	6	3,439	7,788
<b>TOTAL EXPENDITURE</b>		<b>6,022,038</b>	<b>6,022,654</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>115,414</b>	<b>208,077</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		99,282	152,607
Annual appropriation		99,282	152,607
Departmental revenue and NRF Receipts	2	16,132	55,470
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>115,414</b>	<b>208,077</b>

# STATEMENT OF FINANCIAL POSITION

## for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

	Note	2014/15 R'000	2013/14 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Unauthorised expenditure	9	261,169	255,668
Cash and cash equivalents	10	182	179
Prepayments and advances	11	12,876	30,294
Receivables	12	84,301	76,667
<b>TOTAL ASSETS</b>		<b>358,528</b>	<b>362,808</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	13	104,798	158,838
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	5,375	46,294
Bank overdraft	15	159,373	98,177
Payables	16	78,339	46,552
<b>TOTAL LIABILITIES</b>		<b>347,885</b>	<b>349,861</b>
<b>NET ASSETS</b>		<b>10,643</b>	<b>12,947</b>
<b>Represented by:</b>			
Recoverable revenue		10,643	12,947
<b>TOTAL</b>		<b>10,643</b>	<b>12,947</b>

# STATEMENT OF CHANGES IN NET ASSETS for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

Note	2014/15 R'000	2013/14 R'000
<b>Recoverable revenue</b>		
Opening balance	12,947	57,242
Transfers:	(2,304)	(44,295)
Debts recovered (included in departmental receipts)	(2,398)	(44,297)
Debts raised	94	2
Closing balance	<b>10,643</b>	<b>12,947</b>
<b>TOTAL</b>	<b>10,643</b>	<b>12,947</b>

# CASH FLOW STATEMENT

## for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

	Note	2014/15 R'000	2013/14 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
		<b>6,137,452</b>	<b>6,230,654</b>
Annual appropriated funds received	1.1	6,121,320	6,175,261
Departmental revenue received	2.1/2.2/2.5	11,113	54,067
Interest received	2.3	5,019	1,326
Net (increase)/decrease in working capital		36,070	164,524
Surrendered to Revenue Fund		(215,874)	(872,323)
Current payments		(3,014,601)	(2,781,037)
Interest paid	5	(9)	-
Payments for financial assets		(3,439)	(7,788)
Transfers and subsidies paid		(2,577,774)	(2,596,554)
<b>Net cash flow available from operating activities</b>	<b>17</b>	<b>361,825</b>	<b>137,476</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(420,714)	(631,060)
Proceeds from sale of capital assets	2.4	-	77
<b>Net cash flows from investing activities</b>		<b>(420,714)</b>	<b>(630,983)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(2,304)	(44,295)
<b>Net cash flows from financing activities</b>		<b>(2,304)</b>	<b>(44,295)</b>
Net increase/(decrease) in cash and cash equivalents		(61,193)	(537,802)
Cash and cash equivalents at beginning of period		(97,998)	439,804
<b>Cash and cash equivalents at end of period</b>	<b>18</b>	<b>(159,191)</b>	<b>(97,998)</b>

# ACCOUNTING POLICIES

## for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

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.

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.

### 1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

### 2. Going concern

The financial statements have been prepared on a going concern basis.

### 3. Presentation currency

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

### 4. Rounding

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

### 5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.

## 6. Comparative information

### 6.1 Prior period comparative information

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.

### 6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

## 7. Revenue

### 7.1 Appropriated funds

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.

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.

### 7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

### 7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

## 8. Expenditure

### 8.1 Compensation of employees

#### 8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

#### 8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

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.

### 8.2 Other expenditure

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.

### 8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.

Accrued expenditure payable is measured at cost.

### 8.4 Leases

#### 8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

#### 8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

## 9. Aid Assistance

### 9.1 Aid assistance received

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.

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.

### 9.2 Aid assistance paid

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.

## 10. Cash and cash equivalents

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

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

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

## 11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost. (Indicate when prepayments are expensed and under what circumstances.)

## 12. Loans and receivables

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.

### 13. Investments

Investments are recognised in the statement of financial position at cost.

### 14. Impairment of financial assets

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.

### 15. Payables

Loans and payables are recognised in the statement of financial position at cost.

### 16. Capital Assets

#### 16.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

#### 16.2 Movable capital assets

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.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital

project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

### 16.3 Intangible assets

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.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at RI.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at RI.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

## 17. Provisions and Contingents

### 17.1 Provisions

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.

### 17.2 Contingent liabilities

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

### 17.3 Contingent assets

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

### 17.4 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash

## 18. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

## 19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 20. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 21. Changes in accounting policies, accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively 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 change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

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.

## **22. Events after the reporting date**

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.

## **23. Agent-Principal arrangements**

Agent-Principal arrangements are recorded in the notes to the financial statements where applicable.

## **24. Recoverable revenue**

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

## **25. Inventories**

At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and replacement value.

## **26. Related party transactions**

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arm's length.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the Year Ended 31 March 2015

on vote no. 7: Department of Public Works

## 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:

	2014/15		2013/14
	Final Appropriation R'000	Actual Funds Received R'000	Appropriation received R'000
Administration	1,179,272	1,179,272	1,132,506
Immovable Asset Management	2,829,033	2,829,033	2,971,940
Expanded Public Works Programme	1,946,480	1,946,480	1,932,969
Property and Construction Industry Policy Regulation	34,336	34,336	36,682
Auxiliary and Associated Services	132,199	132,199	101,164
<b>Total</b>	<b>6,121,320</b>	<b>6,121,320</b>	<b>6,175,261</b>

## 2. Departmental revenue

	Note	2014/15 R'000	2013/14 R'000
Sales of goods and services other than capital assets	2.1	6,667	3,859
Fines, penalties and forfeits	2.2	7	4
Interest, dividends and rent on land	2.3	5,019	1,326
Sales of capital assets	2.4	-	77
Transactions in financial assets and liabilities	2.5	4,439	50,204
<b>Departmental revenue collected</b>		<b>16,132</b>	<b>55,470</b>

**2.1 Sales of goods and services other than capital assets**

	Note	2014/15	2013/14
	2	R'000	R'000
Sales of goods and services produced by the department		6,605	3,855
Sales by market establishment		496	490
Other sales		6,109	3,365
Sales of scrap, waste and other used current goods		62	4
<b>Total</b>		<b>6,667</b>	<b>3,859</b>

**2.2 Fines, penalties and forfeits**

	Note	2014/15	2013/14
	2	R'000	R'000
Fines		7	4
<b>Total</b>		<b>7</b>	<b>4</b>

**2.3 Interest, dividends and rent on land**

	Note	2014/15	2013/14
	2	R'000	R'000
Interest		5,019	1,326
<b>Total</b>		<b>5,019</b>	<b>1,326</b>

**2.4 Sale of capital assets**

	Note	2014/15	2013/14
	2	R'000	R'000
<b>Tangible assets</b>			
Machinery and equipment	30	-	77
<b>Total</b>		<b>-</b>	<b>77</b>

**2.5 Transactions in financial assets and liabilities**

	Note	2014/15	2013/14
	2	R'000	R'000
Receivables		552	45,806
Other Receipts including Recoverable Revenue		3,887	4,398
<b>Total</b>		<b>4,439</b>	<b>50,204</b>

### 3. Compensation of employees

#### 3.1 Salaries and Wages

Note	2014/15 R'000	2013/14 R'000
Basic salary	1,100,041	1,010,719
Performance award	17,643	16,592
Service Based	2,359	3,026
Compensative/circumstantial	30,688	22,217
Periodic payments	775	2,406
Other non-pensionable allowances	237,936	221,621
<b>Total</b>	<b>1,389,442</b>	<b>1,276,581</b>

#### 3.2 Social contributions

Note	2014/15 R'000	2013/14 R'000
Employer contributions		
Pension	133,394	123,910
Medical	68,592	70,361
UIF	-	2
Bargaining council	347	643
<b>Total</b>	<b>202,333</b>	<b>194,916</b>
<b>Total compensation of employees</b>	<b>1,591,775</b>	<b>1,471,497</b>
Average number of employees	5774	5,710

#### 4. Goods and services

	Note	2014/15 R'000	2013/14 R'000
Administrative fees		474	650
Advertising		12,208	11,945
Minor assets	4.1	11,803	4,769
Bursaries (employees)		292	1,572
Catering		2,246	3,536
Communication		24,030	25,595
Computer services	4.2	35,906	24,764
Consultants: Business and advisory services		48,169	169,405
Infrastructure and planning services		22,866	18,226
Legal services		22,466	18,378
Contractors		116,259	100,738
Agency and support / outsourced services		256,997	201,111
Entertainment		301	720
Audit cost – external	4.3	58,887	58,594
Fleet services		18,059	17,630
Inventory	4.4	-	12,800
Consumables	4.5	28,575	22,942
Operating leases		228,190	247,586
Property payments	4.6	419,256	254,261
Rental and hiring		1,173	608
Travel and subsistence	4.7	91,053	95,021
Venues and facilities		5,275	8,684
Training and development		14,457	7,130
Other operating expenditure	4.8	9,385	9,090
<b>Total</b>		<b>1,428,327</b>	<b>1,315,755</b>

##### 4.1 Minor assets

	Note	2014/15 R'000	2013/14 R'000
<b>Tangible assets</b>	4	11,803	4,769
Machinery and equipment		11,803	4,769
<b>Total</b>		<b>11,803</b>	<b>4,769</b>

#### 4.2 Computer services

Note	2014/15	2013/14
4	R'000	R'000
SITA computer services	9,029	8,722
External computer service providers	26,877	16,042
<b>Total</b>	<b>35,906</b>	<b>24,764</b>

#### 4.3 Audit cost – External

Note	2014/15	2013/14
4	R'000	R'000
Regularity audits	58,887	58,594
<b>Total</b>	<b>58,887</b>	<b>58,594</b>

#### 4.4 Inventory

Note	2014/15	2013/14
4	R'000	R'000
Clothing material and accessories	-	4,235
Fuel, oil and gas	-	7,570
Materials and supplies	-	995
<b>Total</b>	<b>-</b>	<b>12,800</b>

#### 4.5 Consumables

Note	2014/15	2013/14
4	R'000	R'000
<b>Consumable supplies</b>	<b>17,073</b>	<b>11,998</b>
Uniform and clothing	1,959	119
Household supplies	6,628	9,124
Building material and supplies	5,480	32
Communication accessories	10	75
IT consumables	1,050	2,258
Other consumables	1,946	390
Stationery, printing and office supplies	11,502	10,944
<b>Total</b>	<b>28,575</b>	<b>22,942</b>

#### 4.6 Property payments

	Note	2014/15	2013/14
	4	R'000	R'000
Municipal services		272,758	236,265
Property management fees		13,638	11,811
Property maintenance & repairs		127,632	-
Other		5,228	6,185
<b>Total</b>		<b>419,256</b>	<b>254,261</b>

#### 4.7 Travel and subsistence

	Note	2014/15	2013/14
	4	R'000	R'000
Local		90,527	94,513
Foreign		526	508
<b>Total</b>		<b>91,053</b>	<b>95,021</b>

#### 4.8 Other operating expenditure

	Note	2014/15	2013/14
	4	R'000	R'000
Professional bodies, membership and subscription fees		285	1,981
Resettlement costs		1,046	667
Other		8,054	6,442
<b>Total</b>		<b>9,385</b>	<b>9,090</b>

### 5. Interest and rent on land

	Note	2014/15	2013/14
		R'000	R'000
Interest paid		9	-
<b>Total</b>		<b>9</b>	<b>-</b>

### 6. Payments for financial assets

	Note	2014/15	2013/14
		R'000	R'000
Other material losses written off	6.1	3,439	7,788
<b>Total</b>		<b>3,439</b>	<b>7,788</b>

### 6.1 Other material losses written off

	Note	2014/15	2013/14
	6	R'000	R'000
<b>Nature of losses</b>			
Claims recoverable	10		9
Recoverable expenditure	1,440		7,496
Prepayments	1,989		283
<b>Total</b>		<b>3,439</b>	<b>7,788</b>

### 7. Transfers and subsidies

	Note	2014/15	2013/14
		R'000	R'000
Provinces and municipalities	36 <i>Annex IA</i>	1,200,254	1,221,445
Departmental agencies and accounts	<i>Annex IB</i>	802,476	802,412
Foreign governments and international organisations	<i>Annex ID</i>	22,548	17,555
Public corporations and private enterprises	<i>Annex IC</i>	50,000	100,000
Non-profit institutions	<i>Annex IE</i>	488,502	448,679
Households	<i>Annex IF</i>	13,994	6,463
<b>Total</b>		<b>2,577,774</b>	<b>2,596,554</b>
Unspent funds transferred to the above beneficiaries		<b>198,573</b>	<b>221,887</b>

### 8. Expenditure for capital assets

	Note	2014/15	2013/14
		R'000	R'000
<b>Tangible assets</b>			
Buildings and other fixed structures	32.1	315,914	567,365
Machinery and equipment	30.1	103,577	47,511
<b>Total</b>		<b>419,491</b>	<b>614,876</b>
<b>Intangible assets</b>			
Software	31.1	1,223	16,184
<b>Total</b>		<b>1,223</b>	<b>16,184</b>
<b>Total</b>		<b>420,714</b>	<b>631,060</b>

Note

2014/15	2013/14
R'000	R'000

The following amounts have been included as project costs in Expenditure for capital assets

Goods and services	193	218
<b>Total</b>	<b>193</b>	<b>218</b>

### 8.1 Analysis of funds utilised to acquire capital assets – 2014/15

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>419,491</b>	<b>-</b>	<b>419,491</b>
Buildings and other fixed structures	315,914	-	315,914
Machinery and equipment	103,577	-	103,577
<b>Intangible assets</b>	<b>1,223</b>	<b>-</b>	<b>1,223</b>
Software	1,223	-	1,223
<b>Total</b>	<b>420,714</b>	<b>-</b>	<b>420,714</b>

### 8.2 Analysis of funds utilised to acquire capital assets – 2013/14

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>614,876</b>	<b>-</b>	<b>614,876</b>
Buildings and other fixed structures	567,365	-	567,365
Machinery and equipment	47,511	-	47,511
<b>Intangible assets</b>	<b>16,184</b>	<b>-</b>	<b>16,184</b>
Software	16,184	-	16,184
<b>Total</b>	<b>631,060</b>	<b>-</b>	<b>631,060</b>

### 8.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2014/15 R'000	2013/14 R'000
<b>Tangible assets</b>		<b>11,749</b>	<b>12,042</b>
Machinery and equipment		11,749	12,042
<b>Intangible assets</b>			<b>652</b>
Software			652
<b>Total</b>		<b>11,749</b>	<b>12,694</b>

## 9. Unauthorised expenditure

### 9.1 Reconciliation of unauthorised expenditure

	Note	2014/15 R'000	2013/14 R'000
Opening balance		255,668	249,453
Unauthorised expenditure – discovered in current year (as restated)		5,501	6,215
<b>Unauthorised expenditure awaiting authorisation / written off</b>		<b>261,169</b>	<b>255,668</b>

### 9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2014/15 R'000	2013/14 R'000
Current	80,755	80,755
Capital	178,087	172,586
Transfers and subsidies	2,327	2,327
<b>Total</b>	<b>261,169</b>	<b>255,668</b>

### 9.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2014/15 R'000	2013/14 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	83,082	83,082
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	178,087	172,586
<b>Total</b>	<b>261,169</b>	<b>255,668</b>

**9.4 Details of unauthorised expenditure – current year**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2014/15 R'000</b>
Unauthorised expenditure under capital expenditure incurred towards building of schools which is a provincial competency.	No disciplinary action taken still under investigation	5,501
<b>Total</b>		<b>5,501</b>

**9.5 Details of unauthorised expenditure**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2014/15 R'000</b>
Unauthorised expenditure under capital expenditure incurred towards build of schools which is a provincial competency.		174,102
Unauthorised expenditure on capital assets procured for the schools.		3,985
Overspending on compensation of employees		67,135
Overspending on goods and services		13,620
Overspending on transfers and subsidies		2,327
<b>Total</b>		<b>261,169</b>

**10. Cash and cash equivalents**

	<i>Note</i>	
	<b>2014/15 R'000</b>	<b>2013/14 R'000</b>
Cash on hand	182	179
<b>Total</b>	<b>182</b>	<b>179</b>

**11. Prepayments and advances**

	<i>Note</i>	
	<b>2014/15 R'000</b>	<b>2013/14 R'000</b>
Travel and subsistence	182	110
Prepayments	1	2,040
Advances paid	11.1 12,693	28,144
<b>Total</b>	<b>12,876</b>	<b>30,294</b>

**11.1 Advances paid**

	Note	2014/15	2013/14
	11	R'000	R'000
Public entities	Annex 7A	10,378	18,892
Other entities	Annex 7A	2,315	9,252
<b>Total</b>		<b>12,693</b>	<b>28,144</b>

**12. Receivables**

	Note	2014/15			2013/14
		Less than one year	One to three years	Older than three years	Total
		R'000	R'000	R'000	R'000
Claims recoverable	12.1 Annex 3	14,658	-	-	14,658
Recoverable expenditure	12.2	2,813	1,512	40,456	44,782
Staff debt	12.3	522	664	158	1,344
Fruitless and wasteful expenditure	12.5	94			94
Other debtors	12.4	5,236	5,862	12,325	23,423
<b>Total</b>		<b>23,323</b>	<b>8,038</b>	<b>52,939</b>	<b>84,301</b>

**12.1 Claims recoverable**

	Note	2014/15	2013/14
	12	R'000	R'000
National departments		3,480	7,665
Provincial departments		-	83
Public entities		11,178	-
<b>Total</b>		<b>14,658</b>	<b>7,748</b>

### 12.2 Recoverable expenditure (disallowance accounts)

	Note	2014/15	2013/14
	12	R'000	R'000
Disallowance		43,751	44,231
Private telephone		3	10
Salary accounts		1,028	976
<b>Total</b>		<b>44,782</b>	<b>45,217</b>

### 12.3 Staff debt

	Note	2014/15	2013/14
	12	R'000	R'000
Personnel debt		1,344	4,690
<b>Total</b>		<b>1,344</b>	<b>4,690</b>

### 12.4 Other debtors

	Note	2014/15	2013/14
	12	R'000	R'000
Other debtors		23,423	19,010
<b>Total</b>		<b>23,423</b>	<b>19,010</b>

### 12.5 Fruitless and wasteful expenditure

	Note	2014/15	2013/14
	12	R'000	R'000
Opening balance		2	-
Less amounts recovered		(2)	-
Less amounts written off		-	(92)
Transfers from note 26 Fruitless and Wasteful expenditure		94	94
<b>Total</b>		<b>94</b>	<b>2</b>

### 12.6 Impairment of receivables

	Note	2014/15	2013/14
	12	R'000	R'000
Estimate of impairment of receivables		52,971	51,453
<b>Total</b>		<b>52,971</b>	<b>51,453</b>

### 13. Voted funds to be surrendered to the Revenue Fund

	Note	2014/15 R'000	2013/14 R'000
Opening balance		158,838	853,713
Transfer from statement of financial performance		99,282	152,607
Add: Unauthorised expenditure for current year	9	5,501	6,215
Paid during the year		(158,823)	(853,697)
<b>Closing balance</b>		<b>104,798</b>	<b>158,838</b>

### 14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2014/15 R'000	2013/14 R'000
Opening balance		46,294	9,450
Transfer from Statement of Financial Performance		16,132	55,470
Paid during the year		(57,051)	(18,626)
<b>Closing balance</b>		<b>5,375</b>	<b>46,294</b>

### 15. Bank Overdraft

	Note	2014/15 R'000	2013/14 R'000
Consolidated Paymaster General Account		159,373	98,177
<b>Total</b>		<b>159,373</b>	<b>98,177</b>

### 16. Payables – current

	Note	2014/15 R'000	2013/14 R'000
Advances received	16.1 Annex 7B	75,280	44,117
Clearing accounts	16.2	1,131	1,791
Other payables	16.3	1,928	644
<b>Total</b>		<b>78,339</b>	<b>46,552</b>

**16.1 Advances received**

	Note	2014/15	2013/14
	16	R'000	R'000
National departments		65,380	34,217
Provincial departments		9,900	9,900
<b>Total</b>		<b>75,280</b>	<b>44,117</b>

**16.2 Clearing accounts**

	Note	2014/15	2013/14
	16	R'000	R'000
Salary clearing account		1,131	1,791
<b>Total</b>		<b>1,131</b>	<b>1,791</b>

**16.3 Other payables**

	Note	2014/15	2013/14
	16	R'000	R'000
Claims and other payables		1,928	644
<b>Total</b>		<b>1,928</b>	<b>644</b>

**17. Net cash flow available from operating activities**

	Note	2014/15	2013/14
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		115,414	208,077
Add back non cash/cash movements not deemed operating activities		246,411	(70,601)
(Increase)/decrease in receivables – current		(7,634)	182,228
(Increase)/decrease in prepayments and advances		17,418	7,950
Increase/(decrease) in payables – current		31,787	(19,439)
Proceeds from sale of capital assets		-	(77)
Expenditure on capital assets		420,714	631,060
Surrenders to Revenue Fund		(215,874)	(872,323)
<b>Net cash flow generated by operating activities</b>		<b>361,825</b>	<b>137,476</b>

## 18. Reconciliation of cash and cash equivalents for cash flow purposes

Note	<b>2014/15</b>	<b>2013/14</b>
	<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster General account	(159,373)	(98,177)
Cash on hand	182	179
<b>Total</b>	<b>(159,191)</b>	<b>(97,998)</b>

## 19. Contingent liabilities and contingent assets

### 19.1 Contingent liabilities

Note	<b>2014/15</b>	<b>2013/14</b>
	<b>R'000</b>	<b>R'000</b>
Liable to Nature		
Housing loan guarantees Employees	Annex 2A 13	63
Claims against the department	Annex 2B 229	366
<b>Total</b>	<b>242</b>	<b>429</b>

### 19.2 Contingent assets

Note	<b>2014/15</b>	<b>2013/14</b>
	<b>R'000</b>	<b>R'000</b>
Nature of contingent asset		
Fraud against the department	-	111
<b>Total</b>	<b>-</b>	<b>111</b>

## 20. Commitments

	Note	2014/15 R'000	2013/14 R'000
Current expenditure			
Approved and contracted		279,765	287,145
Approved but not yet contracted		631	18,997
		<b>280,396</b>	<b>306,142</b>
Capital expenditure			
Approved and contracted		3,922	609,969
Approved but not yet contracted		-	17
		<b>3,922</b>	<b>609,986</b>
<b>Total Commitments</b>		<b>284,318</b>	<b>916,128</b>

Reduction of commitment is due to the transfer of budget and related functions to PMTE.

## 21. Accruals and payables not recognised

		2014/15 R'000	2013/14 R'000
<b>Listed by economic classification</b>			
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>
Goods and services	29,093	395	29,488
Transfers and subsidies	8	-	8
Capital assets	1,821	-	1,821
Other	42	2	44
<b>Total</b>	<b>30,964</b>	<b>397</b>	<b>31,361</b>

	Note	2014/15 R'000	2013/14 R'000
<b>Listed by programme level</b>			
Administration		11,991	38,726
Immovable Asset Management		1,931	21,816
Expanded Public Works Programme		16,181	6,066
Property and Construction Industry Policy Regulations		107	930
Auxiliary and Associated Services		1,151	100
<b>Total</b>		<b>31,361</b>	<b>67,638</b>

	Note	2014/15 R'000	2013/14 R'000
Confirmed balances with other departments	Annex 4	3,316	5,303
Confirmed balances with other government entities	Annex 4	42,655	103,370
<b>Total</b>		<b>45,971</b>	<b>108,673</b>

Material accruals relate to capital movable assets, consulting fees as well as telecommunication charges.

## 22. Employee benefits

	Note	2014/15 R'000	2013/14 R'000
Leave entitlement		15,516	52,949
Service bonus (Thirteenth cheque)		7,749	37,933
Performance awards		4,161	22,219
Capped leave commitments		8,124	69,453
Other		787	3,602
<b>Total</b>		<b>36,337</b>	<b>186,156</b>

The R15 million (2013/14 R53 million) leave entitlement represent the debit amounts. There are also credit balances amounting to R515k (2013/14 R3 million) excluded from the balance. The leave credits are caused by leave advances which are not accrued in the public service but are advances to employees.

## 23. Lease commitments

### 23.1 Operating leases expenditure

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The budget for office accommodation has been transferred to PMTE as part of the transfer of function.

2013/14	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	78,581	197	78,778
Later than 1 year and not later than 5 years	-	-	165,676	-	165,676
Later than five years	-	-	138,255	-	138,255
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>382,512</b>	<b>197</b>	<b>382,709</b>

### 23.2 Finance leases expenditure\*\*

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	1,370	1,370
Later than 1 year and not later than 5 years	-	-	-	3,237	3,237
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,607</b>	<b>4,607</b>

2013/14	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	6,253	6,253
Later than 1 year and not later than 5 years	-	-	-	3,635	3,635
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,888</b>	<b>9,888</b>

\*\*This note excludes leases relating to public private partnership as they are separately disclosed to note no.35.

The department has entered into finance lease arrangement for cell phones and 3G cards for a period of three years, as well as lease contracts for photocopier machines for three years. All the contracts have no escalation clauses and are procured via tender process on expiry.

## 24. Accrued departmental revenue

Note	2014/15 R'000	2013/14 R'000
Interest, dividends and rent on land	4,069	3,800
<b>Total</b>	<b>4,069</b>	<b>3,800</b>

### 24.1 Analysis of accrued departmental revenue

Note	2014/15 R'000	2013/14 R'000
Opening balance	3,800	17,601
Less: amounts received	(4,686)	(17,601)
Add: Amounts recognised	4,955	3,800
<b>Closing balance</b>	<b>4,069</b>	<b>3,800</b>

## 25. Irregular expenditure

### 25.1 Reconciliation of irregular expenditure

Note	2014/15 R'000	2013/14 R'000
Opening balance	501,231	754,016
Prior period errors		(80,581)
<b>As restated</b>	<b>501,231</b>	<b>673,435</b>
Add: Irregular expenditure – relating to prior year		37,242
Add: Irregular expenditure – relating to current year	40,695	114,972
Less: Prior year amounts condoned	(144,255)	(324,418)
Less: : Current year amounts condoned	(23,778)	-
Less: Amounts not recoverable (not condoned)	(5,787)	
Irregular expenditure awaiting condonation	368,106	501,231

#### Analysis of awaiting condonation per age classification

Current year	40,695	33,995
Prior years	327,411	467,236
<b>Total</b>	<b>368,106</b>	<b>501,231</b>

An amount of R14.59 million was discovered by the AGSA as possible irregular expenditure and management is still investigating the transactions to determine if indeed they are irregular expenditure.

A further amount of R9.4 million was discovered by management as possible irregular expenditure waiting validation. This was as a result of non-compliance with the prescripts for local contents and production for certain categories of purchases.

The query was referred to the National Treasury for further advise

## 25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2014/15 R'000
Limitation of scope	Awaiting approval for condonation	21,078
Non-compliance with the prescripts of local contents and production	Approval for condonation to be finalised in 2015/16	4,990
Transfer payment to Agrément SA	Application for condonation made to the NT	11,021
Management fee charged by the IDT	Application for condonation made to the NT	2,700
Service rendered outside the SLA	Letter sent to relevant manager for explanation	263
Payments on expired contract	Letter sent to relevant manager for explanation	136
Highest scoring bidder not appointed	Letter sent to relevant manager for explanation	37
Three quotations not obtained	Letter sent to relevant manager for explanation	470
<b>Total</b>		<b>40,695</b>

## 25.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2014/15 R'000
Limitation of scope	Delegated Authority	114 514
Procurement processes not followed	Delegated Authority	35 599
Management fee charged by the IDT	Delegated Authority	17 920
<b>Total</b>		<b>168,033</b>

## 25.4 Details of irregular expenditure not recoverable (not condoned)

Incident	Not condoned by (condoning authority)	2014/15 R'000
Procurement process not followed	Delegated Authority	5,778
No approval for remunerative work	Delegated Authority	9
<b>Total</b>		<b>5,787</b>

## 25.5 Details of irregular expenditures under investigation

Incident	2014/15 R'000
Transfer payment to Agrément SA not approved by National Treasury	56 021
Procurement processes not followed	307,026
Local content not applied	5,059
<b>Total</b>	<b>368,106</b>

## 25.6 Prior period error

Nature of prior period error	Note	2014/15 R'000
Relating to 2013/14	34	
Irregular expenditure opening balance (as restated)		(80 581)
<b>Total</b>		<b>(80 581)</b>

## 26. Fruitless and wasteful expenditure

### 26.1 Reconciliation of fruitless and wasteful expenditure

	Note	2014/15 R'000	2013/14 R'000
Opening balance		49,480	50,132
Prior period errors			(375)
<b>As restated</b>		<b>49,480</b>	<b>49,757</b>
Fruitless and wasteful expenditure – relating to prior year			-
Fruitless and wasteful expenditure – relating to current year		2,127	130
Less: Amounts resolved		(50 448)	(407)
Less: Amounts transferred to receivables for recovery	12.6	(94)	-
<b>Fruitless and wasteful expenditure awaiting resolution</b>		<b>1,065</b>	<b>49,480</b>

**26.2 Analysis of awaiting resolution per economic classification**

	Note	2014/15 R'000	2013/14 R'000
Current		1,065	9,106
Capital		-	40,374
<b>Total</b>		<b>1,065</b>	<b>49,480</b>

**26.3 Analysis of Current year's fruitless and wasteful expenditure**

Incident	Disciplinary steps taken/criminal proceedings	2014/15 R'000
Interest paid on overdue overtime worked	Application for condonation being considered by delegated authority	9
Legal fees and settlement	Officials issued with final warning letters	1,272
Court judgement	Matter still to be investigated	846
<b>Total</b>		<b>2,127</b>

**26.4 Prior period error**

	Note	2014/15 R'000
Nature of prior period error Relating to 2013/14	34	
Fruitless and wasteful expenditure opening balance (as restated)		(375)
<b>Total</b>		<b>(375)</b>

## 27. Related party transactions

Note	2014/15 R'000	2013/14 R'000
<b>Revenue received</b>		
Tax revenue		
Sales of goods and services other than capital assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Payments made</b>		
Goods and services	418,665	88,926
Interest	9	-
Expenditure for capital assets	19,335	-
Payments for financial assets	3,242	-
<b>Total</b>	<b>441,251</b>	<b>88,926</b>
<b>List other contingent liabilities between department and related party</b>		
IDT Commitments	3,401	14,785
<b>Total</b>	<b>3,401</b>	<b>14,785</b>
<b>In kind goods and services provided/received</b>		
Compensation of Employees(Payments)	1,214,991	585,586
Compensation of Employees(accruals)	-	-
Goods & Services (Accruals)	-	72,636
Machinery(Accruals)	-	-
Employees Benefits	-	89,486
Municipal Services- (Payments)	270,135	9,655
Municipal Services- (Accruals)	-	676
Capital Assets payment	315,915	561,150
Cleaning and Gardening Services(expenditure)	-	59,614
Cleaning and Gardening Services(accruals))	-	3,090
State-owned leases-Expenditure	47,723	-
<b>Total</b>	<b>1,848,765</b>	<b>1,381,893</b>

## Related parties to the Department

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 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 charge.

## Related parties transactions

### 1. Independent Development trust

The management fee (identified as a non-arm's length transaction) and the contract cost is disclosed above. The management fee structure varies per project depending on the duration, complexity and labour required and is embedded in the contract cost of the projects undertaken by the IDT for the Department.

### 2. Property Management Trading Entity (PMTE)

The Property Management Trading Entity (PMTE) operates within the administration of the Department of Public Works (DPW) and as such all contracts are entered into in the name of the DPW. 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.

#### 2.1 Details of In kind goods and services provided/received

##### Direct cost

Direct cost consists of overhead costs for the day-to-day running of PMTE. These costs can be measured reliably and are disclosed above. Direct cost regarding compensation of employees is not a standard line item disclosure under 'payments made'. This amounts to R1.2 billion (2013/14 R 586 million).

##### Employee benefits

Employee benefit cost can be measured reliably and amounts to R89 million for 2013/14.

##### Indirect cost

Indirect costs include the sharing of corporate services between the Department and 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.

- Human Resources (HRM, HROD)
- Gender, people with disabilities, youth and children
- Marketing and communication
- Information system services
- Legal services
- Security management
- Labour relations
- International Relations Strat

### **Cleaning and Gardening services**

In prior years DPW received a free service from PMTE for gardening and cleaning services and the cost incurred was (2013/14 R59.6 million and accruals of R3 million).

### **Municipal services**

DPW paid municipal services on state owned and private lease properties not occupied by DPW. This amounts to R270 million (2013/14 R9.6 million).

### **Capital Assets**

PMTE manages major and minor capital projects for state owned buildings under its custodianship. The actual construction of this is performed by a third party and paid by the PMTE. Some of these costs are recovered from DPW yet the projects are not specifically for DPW. Payments of R315 million (2013/14 R561 million) were made based on the devolution of funds from National Treasury.

### **State-owned leases**

DPW transferred the custodianship of state-owned buildings to PMTE. Immovable assets are currently recorded in PMTE's financial books. Rental payments on these state-owned buildings amounts to R47million based on the devolution of funds from National treasury

### **Private leases**

In the current financial year DPW provided PMTE with free accommodation service. The cost incurred on behalf PMTE cannot be determined.

### **Revenue on Staff parking**

In the current financial year DPW collected revenue of R495K on behalf of PMTE relating to Staff parking.

## 28. Key management personnel

	No. of Individuals	2014/15 R'000	2013/14 R'000
Political office bearers (provide detail below)	2	4,034	3,861
Officials:			
Level 15 to 16	15	15,592	31,757
Level 14 (incl. CFO if at a lower level)	66	65,971	49,345
Family members of key management personnel	1	688	587
<b>Total</b>		<b>86,285</b>	<b>85,550</b>

The Political office bearers are the Minister of the Department of Public Works and the Deputy Minister of the Department of Public Works.

## 29. Public Private Partnership

	Note	2014/15 R'000	2013/14 R'000
<b>Contract fee received</b>			
<b>Contract fee paid</b>		<b>60,622</b>	<b>57,080</b>
Fixed component		885	1,497
Indexed component		59,737	55,583
<b>Analysis of indexed component</b>		<b>59,737</b>	<b>55,583</b>
Goods and services (excluding lease payments)		18,829	17,682
Operating leases		40,908	37,901
<b>Capital / (Liabilities)</b>		<b>885</b>	<b>1,497</b>
Tangible rights		885	1,497
<b>Other</b>		<b>1,339</b>	<b>8,735</b>
Other obligations		1,339	8,735

The Department participates in the fleet contract through the Department of Transport provided by Phakisa. The contract operates currently on a month to month basis from 1 December 2014 for a period not longer than 12 months.

Included in other obligation of R1.3 million are operating lease commitments of R196k and accruals of R1.1 million.

### 30. Movable Tangible Capital Assets

#### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>HERITAGE ASSETS</b>	<b>111,930</b>	<b>13</b>	<b>(200)</b>	<b>111,743</b>
Heritage assets	111,930	13	(200)	111,743
<b>MACHINERY AND EQUIPMENT</b>	<b>378,486</b>	<b>85,165</b>	<b>(188,638)</b>	<b>275,013</b>
Transport assets	1,917	1,374	(796)	2,495
Computer equipment	94,168	44,237	(88,103)	50,302
Furniture and office equipment	226,944	31,824	(57,897)	200,871
Other machinery and equipment	55,457	7,730	(41,842)	21,345
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>490,416</b>	<b>85,178</b>	<b>(188,838)</b>	<b>386,756</b>

#### 30.1 Additions

#### ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and fi- nance lease payments) R'000	Received current, not paid (Paid cur- rent year, received pri- or year) R'000	Total R'000
<b>HERITAGE ASSETS</b>	-	<b>13</b>	-	-	<b>13</b>
Heritage assets	-	13	-	-	13
<b>MACHINERY AND EQUIPMENT</b>	<b>103,577</b>	<b>2,210</b>	<b>(11,749)</b>	<b>(8,873)</b>	<b>85,165</b>

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Transport assets	1,374				1,374
Computer equipment	57,172	529	-	(13,464)	44,237
Furniture and office equipment	26,867	1,301	-	3,656	31,824
Other machinery and equipment	18,164	380	(11,749)	935	7,730
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>103,577</b>	<b>2,223</b>	<b>(11,749)</b>	<b>(8,873)</b>	<b>85,178</b>

### 30.2 Disposals

#### DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>		<b>200</b>	<b>200</b>	
Heritage assets	-	200	200	-
<b>MACHINERY AND EQUIPMENT</b>	<b>246</b>	<b>188,392</b>	<b>188,638</b>	<b>46</b>
Transport assets	-	796	796	-
Computer equipment	-	88,103	88,103	-
Furniture and office equipment	75	57,822	57,897	46
Other machinery and equipment	171	41,671	41,842	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>246</b>	<b>188,592</b>	<b>188,838</b>	<b>46</b>

## 30.3 Movement for 2013/14

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2014

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>116,588</b>	<b>(224)</b>	<b>21</b>	<b>(4,455)</b>	<b>111,930</b>
Heritage assets	116,588	(224)	21	(4,445)	111,930
<b>MACHINERY AND EQUIPMENT</b>	<b>344,120</b>	<b>(5,372)</b>	<b>46,946</b>	<b>(7,208)</b>	<b>378,486</b>
Transport assets	3,889	(1,302)	38	(708)	1,917
Computer equipment	76,355	208	19,776	(2,171)	94,168
Furniture and office equipment	208,831	(1,075)	22,390	(3,202)	226,944
Other machinery and equipment	55,045	(3,203)	4,742	(1,127)	55,457
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>460,708</b>	<b>(5,596)</b>	<b>46,967</b>	<b>(11,663)</b>	<b>490,416</b>

## 30.3.1 Prior period error

	Note	2013/14 R'000
	30.3	(1,526)
<b>Nature of prior period error</b>		
Relating to 2013/14		
Heritage assets		(224)
Transport assets		(1,302)
Relating to 2013/14		(4,069)
Computer equipment		208
Furniture and office equipment		(1,074)
Other machinery and equipment		(3,203)
<b>Total</b>		<b>(5,595)</b>

## 30.4 Minor assets

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015**

	Special- ised mili- tary assets	Intangible assets	Heritage assets	Machinery and equip- ment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	51	5,633	150,877	-	156,562
Additions	-	-	7	13,246	-	13,253
Disposals	-	(50)	(44)	(55,443)	-	(55,537)
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1</b>	<b>5,596</b>	<b>108,680</b>	<b>-</b>	<b>114,278</b>
Number of RI minor assets	-	-	-	3,265	-	3,265
Number of minor assets at cost	-	-	1,963	61,863	-	63,826
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>1,963</b>	<b>65,128</b>	<b>-</b>	<b>67,091</b>

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014**

	Special- ised mili- tary assets	Intangible assets	Heritage assets	Machinery and equip- ment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	7	5,492	144,112	-	149,611
Prior period error	-	(4)	8	2,655	-	2,659
Additions	-	54	235	6,871	-	7,161
Disposals	-	(6)	(102)	(2,761)	-	(2,869)
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>51</b>	<b>5,633</b>	<b>150,877</b>	<b>-</b>	<b>156,562</b>

	Special- ised mili- tary assets	Intangible assets	Heritage assets	Machinery and equip- ment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of RI minor assets	-	-	-	9,046	-	9,046
Number of minor assets at cost	-	18	1,974	89,444	-	91,436
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>18</b>	<b>1,974</b>	<b>98,490</b>	<b>-</b>	<b>100,482</b>

#### 30.4.1 Prior period error

	Note	2013/14 R'000
	30.4	
<b>Nature of prior period error</b>		
		(3)
Machinery and equipment <R5000 Relating to 2013/14		(3)
Heritage assets <R5000		2,662
Machinery and equipment <R5000		8
Intangible assets <R5000		2,658
		(4)
<b>Total</b>		<b>2,659</b>

### 31. Intangible Capital Assets

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
SOFTWARE	66,608	1,203	(8,171)	59,639
MASTHEADS AND PUBLISHING TITLES	131	-	(131)	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	352	-	(352)	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>67,090</b>	<b>1,203</b>	<b>(8,654)</b>	<b>59,639</b>

## 31.1 Additions

## ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid cur- rent year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,223	-	-	(20)	1,203
<b>TOTAL ADDITIONS TO IN- TANGIBLE CAPITAL ASSETS</b>	<b>1,223</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>1,203</b>

## 31.2 Disposals

## DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Software	-	8,171	8,171	-
Mastheads and publishing titles	-	131	131	-
Patents, licences, copyright, brand names, trademarks	-	352	352	-
<b>Total disposals of intangible capital assets</b>	<b>-</b>	<b>8,654</b>	<b>8,654</b>	<b>-</b>

## 31.3 Movement for 2013/14

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2014**

	<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>
Software	51,097	508	18,690	(3,687)	66,608
Mastheads and publishing titles	-	-	131	-	131
Patents, licences, copyright, brand names, trademarks	25	-	327	-	352
Service and operating rights	512	(512)	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>51,634</b>	<b>(4)</b>	<b>19,148</b>	<b>(3,687)</b>	<b>67,090</b>

31.3.1 *Prior period error*

	<i>Note</i>	<b>2013/14</b>
		<b>R'000</b>
<b>Nature of prior period error</b>		
Relating to 2013/14		(4)
Software		508
Service and operating rights		(512)
<b>Total</b>		<b>(4)</b>

## 32. Immovable Tangible Capital Assets

### 32.1 Additions

#### ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>301,554</b>	-	<b>(301,554)</b>	-	-
Dwellings	22,706	-	(22,706)	-	-
Non-residential buildings	242,001	-	(242,001)	-	-
Other fixed structures	36,847	-	(36,847)	-	-
<b>HERITAGE ASSETS</b>	<b>960</b>	-	<b>(960)</b>	-	-
Heritage assets	960	-	(960)	-	-
<b>LAND AND SUBSOIL ASSETS</b>	<b>13,400</b>	-	<b>(13,400)</b>	-	-
Land	13,400	-	(13,400)	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>315,914</b>	-	<b>(315,914)</b>	-	-

## 32.2 Movement for 2013/14

## MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>3,519,434</b>			<b>(3,519,434)</b>	
Dwellings	355,419	-	-	(355,419)	-
Non-residential buildings	3,164,015	-	-	(3,164,015)	-
<b>LAND AND SUBSOIL ASSETS</b>	<b>48,988</b>			<b>(48,988)</b>	
Land	48,988	-	-	(48,988)	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3,568,422</b>	<b>-</b>	<b>-</b>	<b>(3,568,422)</b>	<b>-</b>

## 32.3 S42 Immovable assets

## Assets subjected to transfer in terms of S42 of the PFMA – 2013/14

	Number of assets	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>506</b>	<b>3,545,951</b>
Dwellings	253	361,664
Non-residential buildings	233	3,176,444
Other fixed structures	20	7,843
HERITAGE ASSETS	1	1,865
Heritage assets	1	1,865
<b>LAND AND SUBSOIL ASSETS</b>	<b>24</b>	<b>207,041</b>
Land	24	207,041
<b>TOTAL</b>	<b>531</b>	<b>3,754,857</b>

### 33. Agent-principal arrangements

#### 33.1 Department acting as the principal

Include a list of the entities acting as agents for the department and the amounts paid to these agents for their agency duties

	2014/15 R'000
Government Communication Information Systems	-
International Labour Organisation	1,616
Independent Development Trust	13,633
<b>Total</b>	<b>15,249</b>

#### The Department has an arrangement with the following entities:

Government Communication and Information System (GCIS) - Placement of adverts for the consolidation of procurement with service providers. The department does not pay any fee for the service.

International Labour Organisation (ILO) -The ILO assists the Department with capacity and best practice methodology for the implementation of EPWP projects. The ILO receives 13% of direct project cost.

Independent Development Trust (IDT) Construction of strategic priority projects of the department. The IDT receives 3.5% of the project cost for project management services provided.

#### 33.2 Reconciliation of agency funds and disbursements – 2014/15

	Total agency funds received  R'000	Expen- diture incurred against funds  R'000	Amount remitted to the principal  R'000	Variance betw amounts received and amounts remitted  R'000
National Department of Higher Education and Training	102,958	(37,577)		65,380
Eastern Cape Department of Roads and Public Works	10,000	(100)		9,900
	<b>112,958</b>	<b>(37,677)</b>		<b>75,280</b>

## 34. Prior period errors

### 34.1 Correction of prior period errors

	Note	2013/14 R'000
Irregular expenditure opening balance (as restated)	25	(80,581)
Prior year amounts condoned	25	(1,939)
Fruitless and wasteful expenditure opening balance (as restated)	26	(375)
Employee benefits	22	2,064
<b>Net effect</b>		<b>(80,832)</b>

#### Irregular expenditure

Prior period error includes an amount of R71.4 million for transactions that have been transferred to PMTE. R7.2 million relates to management fee disclosed previously. The correct amount is R8.1 million. R1.8 million relates to an amount which received from DPSA and was previously reported as IE. R2 14 000 relates to overtime worked prior to approval being granted. However, approval was granted by the delegated authority prior to payment being processed

#### Prior year amounts condoned

Difference relates to subsequent payments of the amounts that were already condoned in the prior year

#### Fruitless and wasteful expenditure

Fruitless and wasteful expenditure includes amounts that were previously disclosed and reported as such and have been found not be fruitless and wasteful expenditure amounting to R375 000

	Note	2013/14 R'000
Assets		
Accrued departmental revenue	24	3,800
Movable Tangible capital assets	30	(5,596)
Minor Assets	30	(2,658)
Intangible capital assets	31	(4)
<b>Net effect</b>		<b>(4,458)</b>

	Note	2013/14 R'000
Liabilities		
Commitments	20	(876)
<b>Net effect</b>		<b>(876)</b>

The prior year period errors are as a result of asset category corrections R 224 000 was adjusted out from Heritage assets to furniture and office equipment, an amount of R1.3 million for assets procured through external entities (ILO) was removed from transport assets, A net amount of R 208 000 was added to computer equipment correcting the assets that were incorrectly paid, R1 million for the previous year accruals removed from furniture and equipment and R 3.2 million adjusting asset categories to minor assets and non asset related assets.

### 35. Transfer of functions

The operationalization of the PMTE has been a key focus area within the Department as this will facilitate improved service delivery to client departments with regards to the provision and servicing of their accommodation requirements in future. During the period under review all the below business units;

- Projects and Professional Services (all)
- Inner City Regeneration (ICR)
- Regional Coordination (all)
- Prestige Immovable Assets
- Regional Offices except EPWP and Internal Audit
- Key Account Management

Were formally transferred from the Department to the PMTE. Although the PMTE is still reflected as an organisational component of the Department, it has the status of a Trading Account approved by the National Treasury in terms of the Public Finance Management Act. This functional transfer was comprehensive in nature and, inter alia included all related assets, legal obligations, systems and staff to ensure a seamless transition and ensure that assets are matched to expenses and obligations.

During the transfer of functions, the assets and liabilities listed below were transferred at no consideration from the Department to PMTE.

## 35.1 Notes

	<b>Bal per dept 2013/14 AFS before transfer 2013/14 R'000</b>	<b>Functions per dept (trans- ferred) / received 2013/14 R'000</b>	<b>Functions per dept (trans- ferred) / received 2013/14 R'000</b>	<b>Functions per dept (trans- ferred) / received 2013/14 R'000</b>	<b>2013/14 Bal after transfer 2013/14 R'000</b>
Contingent liabilities	366	(67)	-	-	299
Commitments	916,127	(643,091)	-	-	273,036
Accruals and payables not recognised	176,311	(107,824)	-	-	68,487
Employee benefit	186,156	(116,004)	-	-	70,152
Lease commitments - operating lease	382,512	(382,512)	-	-	-
Movable tangible capital assets	490,416	(145,690)	-	-	344,726
Intangible capital assets	59,639	(8,642)	-	-	50,997

Approval was granted for the transfer of function from the department to PMTE.

## 36. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT		2013/14	
	Division of Revenue Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Eastern Cape	111,258	-	-	111,258	111,258	-	-	111,258	105,695	95%	129,305
Free State	38,301	-	-	38,301	38,301	-	-	38,301	33,765	88%	26,546
Gauteng	96,903	-	-	96,903	96,903	-	-	96,903	92,179	95%	43,258
Kwazulu-Natal	117,489	-	-	117,489	117,489	-	-	117,489	112,991	96%	126,443
Limpopo	50,879	-	-	50,879	49,636	1,243	-	49,636	45,225	91%	106,087
Mpumalanga	58,772	-	-	58,772	58,772	-	-	58,772	53,385	91%	36,252
Northern Cape	42,366	-	-	42,366	42,366	-	-	42,366	38,511	91%	35,924
North West	40,555	-	-	40,555	40,555	-	-	40,555	39,282	97%	68,136
Western Cape	50,396	-	-	50,396	50,396	-	-	50,396	45,946	92%	42,527
	<b>606,919</b>	<b>-</b>	<b>-</b>	<b>606,919</b>	<b>605,676</b>	<b>1,243</b>	<b>-</b>	<b>605,676</b>	<b>566,979</b>	<b>93%</b>	<b>614,478</b>

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT		2013/14 Division of Revenue Act  R'000	
	Division of Revenue Act  R'000	Roll Overs  R'000	Adjust- ments  R'000	Total Available  R'000	Actual Transfer  R'000	Funds Withheld  R'000	Re-alloca- tions by National Treasury or Nation- al Depart- ment  %	Amount received by depart- ment  R'000	Amount spent by depart- ment  R'000		% of available funds spent by depart- ment  %
<b>Summary by province</b>											
EPWP Intergrated Grant for Provinces	348,947	-	-	348,947	347,704	1,243	-	347,704	319,767	92%	356,914
Social Sector EPWP Incentive Grant for Provinces	257,972	-	-	257,972	257,972	-	-	257,972	247,212	96%	257,564
	<b>606,919</b>	<b>-</b>	<b>-</b>	<b>606,919</b>	<b>605,676</b>	<b>1,243</b>	<b>-</b>	<b>605,676</b>	<b>566,979</b>	<b>93%</b>	<b>614,478</b>

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT		2013/14 Division of Revenue Act R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount received by department R'000	Amount spent by department R'000		% of available funds spent by department %
<b>Summary by province</b>											
<b>EPWP Integrated Grant for Provinces</b>											
Eastern Cape	69,544	-	-	69,544	69,544	-	-	69,544	64,986	93%	79,577
Free State	26,601	-	-	26,601	26,601	-	-	26,601	23,737	89%	18,001
Gauteng	23,565	-	-	23,565	23,565	-	-	23,565	20,526	87%	15,606
KwaZulu-Natal	97,945	-	-	97,945	97,945	-	-	97,945	94,235	96%	102,137
Limpopo	32,247	-	-	32,247	31,004	1,243	-	31,004	26,619	86%	48,370
Mpumalanga	39,928	-	-	39,928	39,928	-	-	39,928	35,946	90%	34,291
Northern Cape	20,348	-	-	20,348	20,348	-	-	20,348	18,076	89%	16,045
North West	14,249	-	-	14,249	14,249	-	-	14,249	13,846	97%	17,266
Western Cape	24,520	-	-	24,520	24,520	-	-	24,520	21,796	89%	25,621
	<b>348,947</b>	<b>-</b>	<b>-</b>	<b>348,947</b>	<b>347,704</b>	<b>1,243</b>	<b>-</b>	<b>347,704</b>	<b>319,767</b>	<b>91%</b>	<b>356,914</b>

The Department certify that all transfers to provinces were deposited into the primary bank account in terms of the DORA.

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT		2013/14 Division of Revenue Act R'000	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by department	Amount spent by department		% of available funds spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
<b>Summary by province</b>											
<b>Social Sector EPWP Incentive Grant for Provinces</b>											
Eastern Cape	41,714	-	-	41,714	41,714	-	-	41,714	40,709	98%	49,728
Free State	11,700	-	-	11,700	11,700	-	-	11,700	10,028	86%	8,545
Gauteng	73,338	-	-	73,338	73,338	-	-	73,338	71,653	98%	27,652
KwaZulu-Natal	19,544	-	-	19,544	19,544	-	-	19,544	18,756	96%	24,306
Limpopo	18,632	-	-	18,632	18,632	-	-	18,632	18,606	100%	57,717
Mpumalanga	18,844	-	-	18,844	18,844	-	-	18,844	17,439	93%	1,961
Northern Cape	22,018	-	-	22,018	22,018	-	-	22,018	20,435	93%	19,879
North West	26,306	-	-	26,306	26,306	-	-	26,306	25,436	97%	50,870
Western Cape	25,876	-	-	25,876	25,876	-	-	25,876	24,150	95%	16,906
	<b>257,972</b>	-	-	<b>257,972</b>	<b>257,972</b>	-	-	<b>257,972</b>	<b>247,212</b>	<b>95%</b>	<b>257,564</b>

The Department certify that all transfers to provinces were deposited into the primary bank account in terms of the DORA.

**37. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Buffalo City	1,890	-	-	1,890	1,890	-	-
Nelson Mandela Bay	13,439	-	-	13,439	13,439	-	-
Camdeboo	1,000	-	-	1,000	1,000	-	-
Blue Crane Route	1,000	-	-	1,000	1,000	-	-
Ikwezi	1,000	-	-	1,000	1,000	-	-
Makana	1,007	-	-	1,007	1,007	-	-
Ndlambe	1,000	-	-	1,000	1,000	-	-
Sundays River Valley	1,000	-	-	1,000	1,000	-	-
Baviaans	1,390	-	-	1,390	1,390	-	-
Kouga	1,285	-	-	1,285	1,285	-	-
Kou-Kamma	1,000	-	-	1,000	1,000	-	-
Cacadu District Municipality	1,236	-	-	1,236	1,236	-	-
Mbhashe	1,153	-	-	1,153	1,153	-	-
Mnquma	1,522	-	-	1,522	1,522	-	-
Great Kei	1,000	-	-	1,000	1,000	-	-
Amahlathi	1,245	-	-	1,245	1,245	-	-
Ngqushwa	1,000	-	-	1,000	1,000	-	-
Nkonkobe	1,070	-	-	1,070	1,070	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Nxuba	1,000	-	-	1,000	1,000	-	-
Amathole District Municipality	3,045	-	-	3,045	3,045	-	-
Inxuba Yethemba	1,487	-	-	1,487	1,487	-	-
Tsolwana	1,177	-	-	1,177	1,177	-	-
Inkwanca	1,281	-	-	1,281	1,281	-	-
Lukanji	1,714	-	-	1,714	1,714	-	-
Intsika Yethu	1,849	-	-	1,849	1,849	-	-
Emalahleni	1,217	-	-	1,217	1,217	-	-
Engcobo	1,687	-	-	1,687	1,687	-	-
Sakhiszwe	1,000	-	-	1,000	1,000	-	-
Chris Hani District Municipality	9,124	-	-	9,124	9,124	-	-
Elundini	1,590	-	-	1,590	1,590	-	-
Senqu	1,976	-	-	1,976	1,976	-	-
Maletswai	1,201	-	-	1,201	1,201	-	-
Gariep	1,000	-	-	1,000	1,000	-	-
Joe Gqabi District Municipality	1,309	-	-	1,309	1,309	-	-
Ngquza Hill	1,000	-	-	1,000	1,000	-	-
Port St Johns	1,119	-	-	1,119	1,119	-	-
Nyandeni	1,172	-	-	1,172	1,172	-	-
Mhlontlo	1,221	-	-	1,221	1,221	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	%	
King Sabata Dalindyebo	1,529	-	-	1,529	1,529	-	-	
O.R.Tambo District Municipality	12,994	-	-	12,994	12,994	-	-	
Matatiele	4,485	-	-	4,485	4,485	-	-	
Umzimvubu	1,593	-	-	1,593	1,593	-	-	
Mbizana	1,000	-	-	1,000	1,000	-	-	
Ntabankulu	1,298	-	-	1,298	1,298	-	-	
Alfred Nzo District Municipality	8,323	-	-	8,323	8,323	-	-	
Mangaung	2,431	-	-	2,431	2,431	-	-	
Letsemeng	1,010	-	-	1,010	1,010	-	-	
Kopanong	1,225	-	-	1,225	1,225	-	-	
Mohokare	1,033	-	-	1,033	1,033	-	-	
Naledi	1,000	-	-	1,000	1,000	-	-	
Xhariep District Municipality	1,080	-	-	1,080	1,080	-	-	
Masilonyana	1,023	-	-	1,023	1,023	-	-	
Tokologo	1,083	-	-	1,083	1,083	-	-	
Tswelopele	1,223	-	-	1,223	1,223	-	-	
Matjhabeng	1,139	-	-	1,139	1,139	-	-	
Nala	1,034	-	-	1,034	1,034	-	-	
Lejweputswa District Municipality	-	-	-	-	-	-	-	
Setsoto	2,632	-	-	2,632	2,632	-	-	

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Dihlabeng	1,067	-	-	1,067	1,067	-	-
Nketoana	1,104	-	-	1,104	1,104	-	-
Maluti-a-Phofung	4,866	-	-	4,866	4,866	-	-
Phumelela	1,000	-	-	1,000	1,000	-	-
Mantsopa	1,001	-	-	1,001	1,001	-	-
Thabo Mofutsanyana District Municipality	1,282	-	-	1,282	1,282	-	-
Moghaka	1,195	-	-	1,195	1,195	-	-
Ngwathe	1,000	-	-	1,000	1,000	-	-
Metsimaholo	1,109	-	-	1,109	1,109	-	-
Mafube	1,000	-	-	1,000	1,000	-	-
Fezile Dabi District Municipality	1,055	-	-	1,055	1,055	-	-
Ekurhuleni	6,422	-	-	6,422	6,422	-	-
City of Johannesburg	36,492	-	-	36,492	36,492	-	-
City of Tshwane	30,760	-	-	30,760	30,760	-	-
Ermfuleni	4,191	-	-	4,191	4,191	-	-
Midvaal	1,135	-	-	1,135	1,135	-	-
Lesedi	1,269	-	-	1,269	1,269	-	-
Sedibeng District Municipality	1,000	-	-	1,000	1,000	-	-
Mogale City	2,052	-	-	2,052	2,052	-	-
Randfontein	1,003	-	-	1,003	1,003	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Westonaria	2,231	-	-	2,231	2,231	-	-
Merafong City	1,954	-	-	1,954	1,954	-	-
West Rand District Municipality	1,290	-	-	1,290	1,290	-	-
Ethekwini	34,154	-	-	34,154	34,154	-	-
Vulamehlo	1,000	-	-	1,000	1,000	-	-
Umdoni	1,261	-	-	1,261	1,261	-	-
Umzambe	1,020	-	-	1,020	1,020	-	-
UMuziwabantu	1,000	-	-	1,000	1,000	-	-
Ezingoleni	1,053	-	-	1,053	1,053	-	-
Hibiscus Coast	1,084	-	-	1,084	1,084	-	-
Ugu District Municipality	1,368	-	-	1,368	1,368	-	-
uMshwathi	1,000	-	-	1,000	1,000	-	-
uMngeni	1,000	-	-	1,000	1,000	-	-
Mpofana	1,000	-	-	1,000	1,000	-	-
Impendle	1,294	-	-	1,294	1,294	-	-
The Msunduzi	2,782	-	-	2,782	2,782	-	-
Mkhambathini	1,132	-	-	1,132	1,132	-	-
Richmond	1,255	-	-	1,255	1,255	-	-
Umgungundlovu District Municipality	3,321	-	-	3,321	3,321	-	-
Ennambithi/Ladysmith	4,032	-	-	4,032	4,032	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Indaka	1,000	-	-	1,000	1,000	-	-
Umtshezi	1,000	-	-	1,000	1,000	-	-
Okhahlamba	1,159	-	-	1,159	1,159	-	-
Imbabazane	1,000	-	-	1,000	1,000	-	-
Uthukela District Municipality	3,299	-	-	3,299	3,299	-	-
Endumeni	1,000	-	-	1,000	1,000	-	-
Nqutu	1,254	-	-	1,254	1,254	-	-
Misinga	1,899	-	-	1,899	1,899	-	-
Umvoti	2,132	-	-	2,132	2,132	-	-
Umqinyathi District Municipality	1,790	-	-	1,790	1,790	-	-
Newcastle	2,411	-	-	2,411	2,411	-	-
Emadlangeni	1,000	-	-	1,000	1,000	-	-
Dannhauser	1,000	-	-	1,000	1,000	-	-
Amajuba District Municipality	1,276	-	-	1,276	1,276	-	-
eDumbe	1,081	-	-	1,081	1,081	-	-
UPhongolo	1,837	-	-	1,837	1,837	-	-
Abaqulusi	1,376	-	-	1,376	1,376	-	-
Nongoma	1,041	-	-	1,041	1,041	-	-
Ulundi	1,031	-	-	1,031	1,031	-	-
Zululand District Municipality	2,486	-	-	2,486	2,486	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Umhlabuyalingana	1,355	-	-	1,355	1,355	-	-
Jozini	2,011	-	-	2,011	2,011	-	-
The Big 5 False Bay	1,000	-	-	1,000	1,000	-	-
Hlabisa	1,000	-	-	1,000	1,000	-	-
Mtubatuba	1,059	-	-	1,059	1,059	-	-
Umkhanyakude District Municipality	1,126	-	-	1,126	1,126	-	-
Mfolozi	1,455	-	-	1,455	1,455	-	-
uMhlatuze	1,896	-	-	1,896	1,896	-	-
Ntambanana	1,771	-	-	1,771	1,771	-	-
uMlalazi	2,172	-	-	2,172	2,172	-	-
Mthonjaneni	2,375	-	-	2,375	2,375	-	-
Nkandla	1,648	-	-	1,648	1,648	-	-
Uthungulu District Municipality	5,337	-	-	5,337	5,337	-	-
Mandeni	1,646	-	-	1,646	1,646	-	-
KwaDukuza	1,248	-	-	1,248	1,248	-	-
Ndwedwe	1,000	-	-	1,000	1,000	-	-
Maphumulo	1,000	-	-	1,000	1,000	-	-
iLembe District Municipality	2,218	-	-	2,218	2,218	-	-
Ingwe	1,000	-	-	1,000	1,000	-	-
Kwa Sani	1,081	-	-	1,081	1,081	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Greater Kokstad	1,754	-	-	1,754	1,754	-	-
Ubhlebezwe	1,090	-	-	1,090	1,090	-	-
Umzimkhulu	1,913	-	-	1,913	1,913	-	-
Sisonke District Municipality	2,729	-	-	2,729	2,729	-	-
Greater Giyani	1,480	-	-	1,480	1,480	-	-
Greater Letaba	1,731	-	-	1,731	1,731	-	-
Greater Tzaneen	2,060	-	-	2,060	2,060	-	-
Ba-Phalaborwa	1,212	-	-	1,212	1,212	-	-
Maruleng	1,316	-	-	1,316	1,316	-	-
Mopani District Municipality	2,195	-	-	2,195	2,195	-	-
Musina	1,067	-	-	1,067	1,067	-	-
Mutale	1,357	-	-	1,357	1,357	-	-
Thulamela	1,737	-	-	1,737	1,737	-	-
Makhado	1,128	-	-	1,128	1,128	-	-
Vhembe District Municipality	3,696	-	-	3,696	3,696	-	-
Blouberg	1,651	-	-	1,651	1,651	-	-
Aganang	1,536	-	-	1,536	1,536	-	-
Molemole	1,454	-	-	1,454	1,454	-	-
Polokwane	3,960	-	-	3,960	3,960	-	-
Lepelle-Nkumpi	1,712	-	-	1,712	1,712	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Capricorn District Municipality	1,964	-	-	1,964	1,964	-	-
Thabazimbi	1,486	-	-	1,486	1,486	-	-
Lephalale	1,035	-	-	1,035	1,035	-	-
Mookgopong	1,134	-	-	1,134	1,134	-	-
Modimolle	1,502	-	-	1,502	1,502	-	-
Bela-Bela	1,123	-	-	1,123	1,123	-	-
Mogalakwena	2,015	-	-	2,015	2,015	-	-
Waterberg District Municipality	1,000	-	-	1,000	1,000	-	-
Ephraim Mogale	1,279	-	-	1,279	1,279	-	-
Elias Motsoaledi	1,187	-	-	1,187	1,187	-	-
Makhuduthamaga	1,032	-	-	1,032	1,032	-	-
Fetakgomo	1,052	-	-	1,052	1,052	-	-
Greater Tubatse	1,364	-	-	1,364	1,364	-	-
Greater Sekhukhune District Municipality	3,466	-	-	3,466	3,466	-	-
Albert Luthuli	4,105	-	-	4,105	4,105	-	-
Muskaligwa	1,144	-	-	1,144	1,144	-	-
Mkhondo	2,905	-	-	2,905	2,905	-	-
Pixley Ka Seme	3,554	-	-	3,554	3,554	-	-
Lekwa	1,190	-	-	1,190	1,190	-	-
Dipaleseng	1,435	-	-	1,435	1,435	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Govan Mbeki	2,071	-	-	2,071	2,071	-	-
Gert Sibande District Municipality	1,587	-	-	1,587	1,587	-	-
Victor Khanye	1,823	-	-	1,823	1,823	-	-
Emalahleni	2,446	-	-	2,446	2,446	-	-
Steve Tshwete	1,705	-	-	1,705	1,705	-	-
Emakhazeni	1,235	-	-	1,235	1,235	-	-
Thembisile	3,757	-	-	3,757	3,757	-	-
Dr JS Moroka	3,406	-	-	3,406	3,406	-	-
Nkangala District Municipality	2,121	-	-	2,121	2,121	-	-
Thaba Chweu	1,657	-	-	1,657	1,657	-	-
Mbombela	6,040	-	-	6,040	6,040	-	-
Umjindi	1,795	-	-	1,795	1,795	-	-
Nkomazi	5,451	-	-	5,451	5,451	-	-
Bushbuckridge	2,192	-	-	2,192	2,192	-	-
Ehlanzeni District Municipality	2,887	-	-	2,887	2,887	-	-
Richtersveld	1,000	-	-	1,000	1,000	-	-
Nama Khoi	1,000	-	-	1,000	1,000	-	-
Kamiesberg	1,000	-	-	1,000	1,000	-	-
Hantam	1,308	-	-	1,308	1,308	-	-
Karoo Hoogland	1,000	-	-	1,000	1,000	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Khâi-Ma	1,000	-	-	1,000	1,000	-	-
Namakwa District Municipality	1,000	-	-	1,000	1,000	-	-
Ubuntu	1,000	-	-	1,000	1,000	-	-
Umsobomvu	1,000	-	-	1,000	1,000	-	-
Emthanjeni	1,000	-	-	1,000	1,000	-	-
Kareeberg	1,000	-	-	1,000	1,000	-	-
Renosterberg	1,000	-	-	1,000	1,000	-	-
Thembelihle	1,000	-	-	1,000	1,000	-	-
Siyathemba	1,000	-	-	1,000	1,000	-	-
Siyancuma	1,000	-	-	1,000	1,000	-	-
Pixley Ka Seme District Municipality	1,000	-	-	1,000	1,000	-	-
Mier	1,000	-	-	1,000	1,000	-	-
Kai !Garib	1,374	-	-	1,374	1,374	-	-
//Khara Hais	1,015	-	-	1,015	1,015	-	-
!Kheis	1,000	-	-	1,000	1,000	-	-
Tsantsabane	1,000	-	-	1,000	1,000	-	-
Kgatelopele	1,000	-	-	1,000	1,000	-	-
Siyanda District Municipality	1,000	-	-	1,000	1,000	-	-
Sol Plaatjie	5,330	-	-	5,330	5,330	-	-
Dikgatlong	1,192	-	-	1,192	1,192	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Magareng	1,348	-	-	1,348	1,348	-	-
Phokwane	1,215	-	-	1,215	1,215	-	-
Frances Baard District Municipality	1,006	-	-	1,006	1,006	-	-
Joe Morolong	1,969	-	-	1,969	1,969	-	-
Ga-Segonyana	1,000	-	-	1,000	1,000	-	-
Gamagara	1,000	-	-	1,000	1,000	-	-
John Taolo Gaetsewe District Municipality	1,000	-	-	1,000	1,000	-	-
Moretele	2,546	-	-	2,546	2,546	-	-
Madibeng	2,288	-	-	2,288	2,288	-	-
Rustenburg	4,611	-	-	4,611	4,611	-	-
Kgetlengrivier	2,207	-	-	2,207	2,207	-	-
Moses Kotane	1,845	-	-	1,845	1,845	-	-
Bojanala Platinum District Municipality	1,191	-	-	1,191	1,191	-	-
Ratlou	1,757	-	-	1,757	1,757	-	-
Tswaing	1,092	-	-	1,092	1,092	-	-
Mafikeng	2,291	-	-	2,291	2,291	-	-
Ditsobotla	1,181	-	-	1,181	1,181	-	-
Ramotshere Moiloa	1,464	-	-	1,464	1,464	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Ngaka Modiri Molema District Municipality	3,142	-	-	3,142	3,142	-	-
Naledi	1,846	-	-	1,846	1,846	-	-
Mamusa	1,386	-	-	1,386	1,386	-	-
Greater Taung	1,205	-	-	1,205	1,205	-	-
Lekwa-Teemane	1,236	-	-	1,236	1,236	-	-
Kagisano	1,000	-	-	1,000	1,000	-	-
Dr Ruth Segomotsi Mompati District Municipality	2,141	-	-	2,141	2,141	-	-
Ventersdorp	1,388	-	-	1,388	1,388	-	-
Tlokwe City Council	1,000	-	-	1,000	1,000	-	-
City of Matlosana	1,913	-	-	1,913	1,913	-	-
Maquassi Hills	1,189	-	-	1,189	1,189	-	-
Dr Kenneth Kaunda District Municipality	1,000	-	-	1,000	1,000	-	-
City of Cape Town	21,204	-	-	21,204	21,204	-	-
Matzikama	1,201	-	-	1,201	1,201	-	-
Cederberg	1,328	-	-	1,328	1,328	-	-
Bergrivier	1,147	-	-	1,147	1,147	-	-
Saldanha Bay	1,086	-	-	1,086	1,086	-	-
Swartland	1,213	-	-	1,213	1,213	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
West Coast District Municipality	1,000	-	-	1,000	1,000	-	-
Witzenberg	1,000	-	-	1,000	1,000	-	-
Drakenstein	1,000	-	-	1,000	1,000	-	-
Stellenbosch	1,544	-	-	1,544	1,544	-	-
Breede Valley	1,006	-	-	1,006	1,006	-	-
Langeberg	1,440	-	-	1,440	1,440	-	-
Cape Winelands District Municipality	1,000	-	-	1,000	1,000	-	-
Theewaterskloof	1,106	-	-	1,106	1,106	-	-
Overstrand	1,768	-	-	1,768	1,768	-	-
Cape Agulhas	1,120	-	-	1,120	1,120	-	-
Swellendam	1,305	-	-	1,305	1,305	-	-
Overberg District Municipality	1,056	-	-	1,056	1,056	-	-
Kannaland	1,000	-	-	1,000	1,000	-	-
Hessequa	1,335	-	-	1,335	1,335	-	-
Mossel Bay	1,844	-	-	1,844	1,844	-	-
George	2,933	-	-	2,933	2,933	-	-
Oudtshoorn	1,665	-	-	1,665	1,665	-	-
Bitou	1,371	-	-	1,371	1,371	-	-
Knysna	1,000	-	-	1,000	1,000	-	-
Eden District Municipality	1,000	-	-	1,000	1,000	-	-

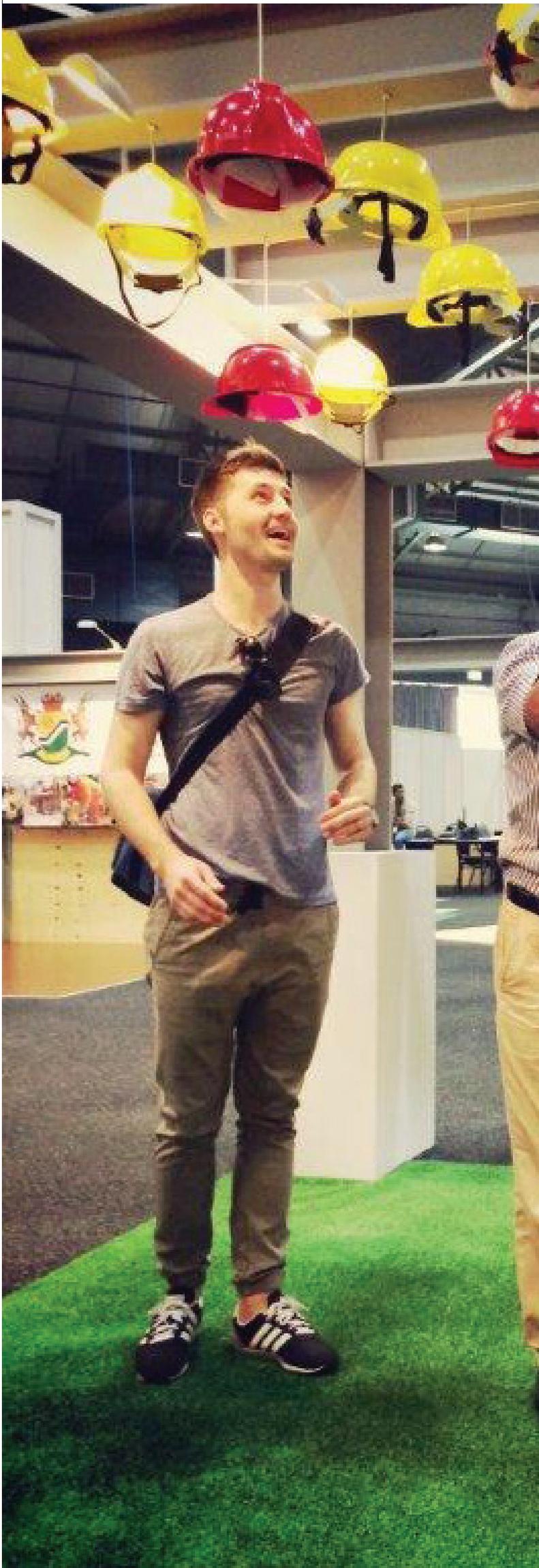
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %
Laingsburg	1,013	-	-	1,013	1,013	-	-
Prince Albert	1,000	-	-	1,000	1,000	-	-
Beaufort West	1,834	-	-	1,834	1,834	-	-
Central Karoo District Municipality	1,212	-	-	1,212	1,212	-	-
	<b>594,575</b>	<b>-</b>	<b>-</b>	<b>594,575</b>	<b>594,575</b>	<b>-</b>	<b>-</b>

The Department certify that all transfers to Municipalities were deposited into the primary bank account in terms of the DORA.

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# ANNEXURES

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# ANNEXURE IA

## STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2013/14 Division of Revenue Act R'000	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality		% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Buffalo City	1,890	-	-	1,890	1,890	-	-	1,890	1,588	84%	2,705
Nelson Mandela Bay	13,439	-	-	13,439	13,439	-	-	13,439	5,712	43%	20,885
Camdeboo	1,000	-	-	1,000	1,000	-	-	1,000	653	65%	1,000
Blue Crane Route	1,000	-	-	1,000	1,000	-	-	1,000	939	94%	1,000
Ikwezi	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Makana	1,007	-	-	1,007	1,007	-	-	1,007	569	57%	1,000
Ndlambe	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Sundays River Valley	1,000	-	-	1,000	1,000	-	-	1,000	341	34%	1,000
Baviaans	1,390	-	-	1,390	1,390	-	-	1,390	1,119	81%	1,045
Kouga	1,285	-	-	1,285	1,285	-	-	1,285	1,285	100%	1,330
Kou-Kamma	1,000	-	-	1,000	1,000	-	-	1,000	515	52%	1,000
Cacadu District Municipality	1,236	-	-	1,236	1,236	-	-	1,236	1,234	100%	1,000
Mbhashe	1,153	-	-	1,153	1,153	-	-	1,153	141	12%	1,000
Minquma	1,522	-	-	1,522	1,522	-	-	1,522	683	45%	1,000
Great Kei	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Amahlathi	1,245	-	-	1,245	1,245	-	-	1,245	1,245	100%	1,000
Ngqushwa	1,000	-	-	1,000	1,000	-	-	1,000	691	69%	1,000

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Nkonkobe	1,070	-	-	1,070	1,070	-	-	1,070	1,070	100%	2,180	
Nxuba	1,000	-	-	1,000	1,000	-	-	1,000	565	57%	1,000	
Amathole District Municipality	3,045	-	-	3,045	3,045	-	-	3,045	1,548	51%	3,125	
Inxuba Yethemba	1,487	-	-	1,487	1,487	-	-	1,487	1,255	84%	1,000	
Tsolwana	1,177	-	-	1,177	1,177	-	-	1,177	747	63%	1,000	
Inkwanca	1,281	-	-	1,281	1,281	-	-	1,281	1,281	100%	1,000	
Lukanji	1,714	-	-	1,714	1,714	-	-	1,714	1,259	73%	1,515	
Intsika Yethu	1,849	-	-	1,849	1,849	-	-	1,849	1,113	60%	1,000	
Emalaheni	1,217	-	-	1,217	1,217	-	-	1,217	367	30%	1,000	
Engcobo	1,687	-	-	1,687	1,687	-	-	1,687	1,687	100%	1,000	
Sakhiszwe	1,000	-	-	1,000	1,000	-	-	1,000	952	95%	1,000	
Chris Hani District Municipality	9,124	-	-	9,124	9,124	-	-	9,124	9,124	100%	8,445	
Elundini	1,590	-	-	1,590	1,590	-	-	1,590	1,235	78%	1,398	
Senqu	1,976	-	-	1,976	1,976	-	-	1,976	1,976	100%	2,160	
Maletswai	1,201	-	-	1,201	1,201	-	-	1,201	1,201	100%	1,000	
Gariep	1,000	-	-	1,000	1,000	-	-	1,000	996	100%	1,000	
Joe Gqabi District Municipality	1,309	-	-	1,309	1,309	-	-	1,309	1,309	100%	1,000	

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14 Division of Revenue Act R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality		
											%	
Ngquza Hill	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	1,000
Port St Johns	1,119	-	-	1,119	1,119	-	-	1,119	639	57%	639	1,000
Nyandeni	1,172	-	-	1,172	1,172	-	-	1,172	1,171	100%	1,171	1,000
Mhlontlo	1,221	-	-	1,221	1,221	-	-	1,221	1,030	84%	1,030	1,025
King Sabata Dalindyebo	1,529	-	-	1,529	1,529	-	-	1,529	844	55%	844	1,000
O.R.Tambo District Municipality	12,994	-	-	12,994	12,994	-	-	12,994	5,959	46%	5,959	5,870
Matatiele	4,485	-	-	4,485	4,485	-	-	4,485	4,484	100%	4,484	3,946
Umzimvubu	1,593	-	-	1,593	1,593	-	-	1,593	1,289	81%	1,289	1,220
Mbizana	1,000	-	-	1,000	1,000	-	-	1,000	669	67%	669	1,000
Nitabankulu	1,298	-	-	1,298	1,298	-	-	1,298	980	76%	980	1,000
Alfred Nzo District Municipality	8,323	-	-	8,323	8,323	-	-	8,323	6,678	80%	6,678	5,780
Mangaung	2,431	-	-	2,431	2,431	-	-	2,431	1,637	67%	1,637	3,896
Letsemeng	1,010	-	-	1,010	1,010	-	-	1,010	950	94%	950	1,000
Kopanong	1,225	-	-	1,225	1,225	-	-	1,225	721	59%	721	1,000
Mohokare	1,033	-	-	1,033	1,033	-	-	1,033	608	59%	608	1,000
Naledi	1,000	-	-	1,000	1,000	-	-	1,000	346	35%	346	1,600
Xhariep District Municipality	1,080	-	-	1,080	1,080	-	-	1,080	760	70%	760	1,000
Masilonyana	1,023	-	-	1,023	1,023	-	-	1,023	1,023	100%	1,023	1,000

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Tokologo	1,083	-	-	1,083	1,083	-	-	1,083	1,083	100%	1,000	
Tswelopele	1,223	-	-	1,223	1,223	-	-	1,223	1,223	100%	1,000	
Matjhabeng	1,139	-	-	1,139	1,139	-	-	1,139	0	0%	1,000	
Nala	1,034	-	-	1,034	1,034	-	-	1,034	877	85%	1,000	
Lejweleputswa District Municipality	-	-	-	-	-	-	-	-	0	-	1,000	
Setso	2,632	-	-	2,632	2,632	-	-	2,632	1,774	67%	1,750	
Dihlabeng	1,067	-	-	1,067	1,067	-	-	1,067	594	56%	1,000	
Nketoana	1,104	-	-	1,104	1,104	-	-	1,104	751	68%	1,000	
Maluti-a-Phofung	4,866	-	-	4,866	4,866	-	-	4,866	4,866	100%	10,210	
Phumelela	1,000	-	-	1,000	1,000	-	-	1,000	890	89%	1,000	
Mantsopa	1,001	-	-	1,001	1,001	-	-	1,001	768	77%	1,000	
Thabo Mofutsanyana District Municipality	1,282	-	-	1,282	1,282	-	-	1,282	1,282	100%	1,000	
Moghaka	1,195	-	-	1,195	1,195	-	-	1,195	836	70%	1,000	
Ngwathe	1,000	-	-	1,000	1,000	-	-	1,000	243	24%	1,000	
Metsimaholo	1,109	-	-	1,109	1,109	-	-	1,109	1,109	100%	1,000	
Mafube	1,000	-	-	1,000	1,000	-	-	1,000	513	51%	1,000	
Fezile Dabi District Municipality	1,055	-	-	1,055	1,055	-	-	1,055	1,055	100%	1,000	

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT		2013/14 Division of Revenue Act R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality	
Ekurhuleni	6,422	-	-	6,422	6,422	-	-	6,422	6,422	100%	10,405
City of Johannesburg	36,492	-	-	36,492	36,492	-	-	36,492	26,033	71%	89,434
City of Tshwane	30,760	-	-	30,760	30,760	-	-	30,760	30,760	100%	29,670
Emfuleni	4,191	-	-	4,191	4,191	-	-	4,191	4,191	100%	4,885
Midvaal	1,135	-	-	1,135	1,135	-	-	1,135	1,135	100%	1,000
Lesedi	1,269	-	-	1,269	1,269	-	-	1,269	812	64%	1,000
Sedibeng District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	943	94%	1,000
Mogale City	2,052	-	-	2,052	2,052	-	-	2,052	2,052	100%	1,894
Randfontein	1,003	-	-	1,003	1,003	-	-	1,003	1,003	100%	1,000
Westonaria	2,231	-	-	2,231	2,231	-	-	2,231	1,567	70%	1,000
Merafong City	1,954	-	-	1,954	1,954	-	-	1,954	1,954	100%	1,520
West Rand District Municipality	1,290	-	-	1,290	1,290	-	-	1,290	929	72%	1,000
Ethekwini	34,154	-	-	34,154	34,154	-	-	34,154	18,885	55%	47,381
Vulamehlo	1,000	-	-	1,000	1,000	-	-	1,000	421	42%	-
Umdoni	1,261	-	-	1,261	1,261	-	-	1,261	1,145	91%	1,000
Umzumbi	1,020	-	-	1,020	1,020	-	-	1,020	685	67%	-
UMuziwabantu	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Ezingoleni	1,053	-	-	1,053	1,053	-	-	1,053	631	60%	1,000

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Hibiscus Coast	1,084	-	-	1,084	1,084	-	-	1,084	486	45%	1,000	
Ugu District Municipality	1,368	-	-	1,368	1,368	-	-	1,368	547	40%	1,000	
uMshwathi	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	
uMgeni	1,000	-	-	1,000	1,000	-	-	1,000	688	69%	1,000	
Mpofana	1,000	-	-	1,000	1,000	-	-	1,000	518	52%	1,000	
Impendle	1,294	-	-	1,294	1,294	-	-	1,294	1,294	100%	1,000	
The Msunduzi	2,782	-	-	2,782	2,782	-	-	2,782	2,703	97%	1,874	
Mkhambathini	1,132	-	-	1,132	1,132	-	-	1,132	848	75%	1,000	
Richmond	1,255	-	-	1,255	1,255	-	-	1,255	762	61%	1,017	
Umgungundlovu District Municipality	3,321	-	-	3,321	3,321	-	-	3,321	1,135	34%	1,000	
Ennambithi/Ladysmith	4,032	-	-	4,032	4,032	-	-	4,032	4,020	100%	2,729	
Indaka	1,000	-	-	1,000	1,000	-	-	1,000	633	63%	1,000	
Umtshezi	1,000	-	-	1,000	1,000	-	-	1,000	274	27%	1,000	
Okhahlamba	1,159	-	-	1,159	1,159	-	-	1,159	1,159	100%	1,000	
Imbabazane	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	
Uthukela District Municipality	3,299	-	-	3,299	3,299	-	-	3,299	2,111	64%	1,000	
Endumeni	1,000	-	-	1,000	1,000	-	-	1,000	534	53%	1,000	
Nqutu	1,254	-	-	1,254	1,254	-	-	1,254	849	68%	1,000	

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14 Division of Revenue Act R'000
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%		
Msinga	1,899	-	-	1,899	1,899	-	-	1,899	1,899	100%	1,115	
Umvoti	2,132	-	-	2,132	2,132	-	-	2,132	1,969	92%	1,660	
Umzinyathi District Municipality	1,790	-	-	1,790	1,790	-	-	1,790	1,629	91%	1,000	
Newcastle	2,411	-	-	2,411	2,411	-	-	2,411	1,532	64%	1,310	
Emadlangeni	1,000	-	-	1,000	1,000	-	-	1,000	953	95%	1,000	
Dannhauser	1,000	-	-	1,000	1,000	-	-	1,000	942	94%	1,000	
Amajuba District Municipality	1,276	-	-	1,276	1,276	-	-	1,276	246	19%	1,000	
eDumbe	1,081	-	-	1,081	1,081	-	-	1,081	521	48%	-	
UPhongo	1,837	-	-	1,837	1,837	-	-	1,837	1,112	61%	1,000	
Abaqulusi	1,376	-	-	1,376	1,376	-	-	1,376	646	47%	1,000	
Nongoma	1,041	-	-	1,041	1,041	-	-	1,041	1,022	98%	1,000	
Ulundi	1,031	-	-	1,031	1,031	-	-	1,031	1,031	100%	1,000	
Zululand District Municipality	2,486	-	-	2,486	2,486	-	-	2,486	2,486	100%	2,942	
Umhlabuyalingana	1,355	-	-	1,355	1,355	-	-	1,355	948	70%	1,000	
Jozini	2,011	-	-	2,011	2,011	-	-	2,011	2,011	100%	1,000	
The Big 5 False Bay	1,000	-	-	1,000	1,000	-	-	1,000	633	63%	-	
Hlabisa	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	
Mtubatuba	1,059	-	-	1,059	1,059	-	-	1,059	884	83%	1,000	

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Umkhanyakude District Municipality	1,126	-	-	1,126	1,126	-	-	1,126	1,126	100%	1,000	
Mfolozi	1,455	-	-	1,455	1,455	-	-	1,455	1,381	95%	1,000	
uMhlathuze	1,896	-	-	1,896	1,896	-	-	1,896	1,440	76%	1,000	
Ntambanana	1,771	-	-	1,771	1,771	-	-	1,771	1,095	62%	1,000	
uMlalazi	2,172	-	-	2,172	2,172	-	-	2,172	1,613	74%	1,000	
Mthonjaneni	2,375	-	-	2,375	2,375	-	-	2,375	1,640	69%	1,000	
Nkandla	1,648	-	-	1,648	1,648	-	-	1,648	1,249	76%	2,830	
Uthungulu District Municipality	5,337	-	-	5,337	5,337	-	-	5,337	2,090	39%	2,840	
Mandeni	1,646	-	-	1,646	1,646	-	-	1,646	1,376	84%	1,000	
KwaDukuza	1,248	-	-	1,248	1,248	-	-	1,248	1,248	100%	1,000	
Ndwedwe	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	
Maphumulo	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	
iLembe District Municipality	2,218	-	-	2,218	2,218	-	-	2,218	286	13%	1,000	
Ingwe	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	
Kwa Sani	1,081	-	-	1,081	1,081	-	-	1,081	659	61%	1,000	
Greater Kokstad	1,754	-	-	1,754	1,754	-	-	1,754	1,078	61%	1,000	
Ubuhlebezwe	1,090	-	-	1,090	1,090	-	-	1,090	691	63%	1,000	
Urmzimkhulu	1,913	-	-	1,913	1,913	-	-	1,913	1,913	100%	1,000	

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			SPENT		2013/14 Division of Revenue Act R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality	
Sisonke District Municipality	2,729	-	-	2,729	2,729	-	-	2,729	2,480	91%	2,739
Greater Giyani	1,480	-	-	1,480	1,480	-	-	1,480	1,480	100%	1,000
Greater Letaba	1,731	-	-	1,731	1,731	-	-	1,731	1,731	100%	1,198
Greater Tzaneen	2,060	-	-	2,060	2,060	-	-	2,060	1,905	92%	1,710
Ba-Phalaborwa	1,212	-	-	1,212	1,212	-	-	1,212	1,159	96%	1,000
Manuleng	1,316	-	-	1,316	1,316	-	-	1,316	1,082	82%	1,000
Mopani District Municipality	2,195	-	-	2,195	2,195	-	-	2,195	2,195	100%	1,000
Musina	1,067	-	-	1,067	1,067	-	-	1,067	1,067	100%	1,000
Mutale	1,357	-	-	1,357	1,357	-	-	1,357	1,207	89%	1,000
Thulamela	1,737	-	-	1,737	1,737	-	-	1,737	1,737	100%	1,735
Makhado	1,128	-	-	1,128	1,128	-	-	1,128	1,128	100%	1,000
Vhembe District Municipality	3,696	-	-	3,696	3,696	-	-	3,696	3,696	100%	4,655
Blouberg	1,651	-	-	1,651	1,651	-	-	1,651	1,371	83%	1,000
Aganang	1,536	-	-	1,536	1,536	-	-	1,536	1,119	73%	1,000
Molemole	1,454	-	-	1,454	1,454	-	-	1,454	1,053	72%	1,000
Polokwane	3,960	-	-	3,960	3,960	-	-	3,960	1,963	50%	4,614
Lepele-Nkumpi	1,712	-	-	1,712	1,712	-	-	1,712	748	44%	1,198
Capricorn District Municipality	1,964	-	-	1,964	1,964	-	-	1,964	1,017	52%	1,000

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Thabazimbi	1,486	-	-	1,486	1,486	-	-	1,486	1,219	82%	1,000	
Lephalale	1,035	-	-	1,035	1,035	-	-	1,035	645	62%	1,115	
Mookgopong	1,134	-	-	1,134	1,134	-	-	1,134	899	79%	1,000	
Modimolle	1,502	-	-	1,502	1,502	-	-	1,502	896	60%	1,000	
Bela-Bela	1,123	-	-	1,123	1,123	-	-	1,123	1,123	100%	1,000	
Mogalakwena	2,015	-	-	2,015	2,015	-	-	2,015	1,091	54%	1,154	
Waterberg District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	311	31%	1,000	
Ephraim Mogale	1,279	-	-	1,279	1,279	-	-	1,279	682	53%	1,000	
Elias Motsoaledi	1,187	-	-	1,187	1,187	-	-	1,187	346	29%	1,000	
Makhuduthamaga	1,032	-	-	1,032	1,032	-	-	1,032	1,032	100%	1,000	
Fetakgomo	1,052	-	-	1,052	1,052	-	-	1,052	623	59%	1,000	
Greater Tubatse	1,364	-	-	1,364	1,364	-	-	1,364	475	35%	1,000	
Greater Sekhukhune District Municipality	3,466	-	-	3,466	3,466	-	-	3,466	2,410	70%	1,000	
Albert Luthuli	4,105	-	-	4,105	4,105	-	-	4,105	3,531	86%	3,785	
Msukaligwa	1,144	-	-	1,144	1,144	-	-	1,144	1,144	100%	1,000	
Mkhondo	2,905	-	-	2,905	2,905	-	-	2,905	2,277	78%	1,954	
Pixley Ka Seme	3,554	-	-	3,554	3,554	-	-	3,554	1,864	52%	3,072	
Lekwa	1,190	-	-	1,190	1,190	-	-	1,190	264	22%	1,056	

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Dipaleseng	1,435	-	-	1,435	1,435	-	-	1,435	263	18%	1,000
Govan Mbeki	2,071	-	-	2,071	2,071	-	-	2,071	2071	100%	2,151
Gert Sibande District Municipality	1,587	-	-	1,587	1,587	-	-	1,587	1213	76%	1,000
Victor Khanye	1,823	-	-	1,823	1,823	-	-	1,823	1753	96%	1,465
Emalahleni	2,446	-	-	2,446	2,446	-	-	2,446	2446	100%	1,594
Steve Tshwete	1,705	-	-	1,705	1,705	-	-	1,705	976	57%	1,639
Emakhazeni	1,235	-	-	1,235	1,235	-	-	1,235	802	65%	1,000
Thembisile	3,757	-	-	3,757	3,757	-	-	3,757	2181	58%	2,842
Dr JS Moroka	3,406	-	-	3,406	3,406	-	-	3,406	2894	85%	3,096
Nkangala District Municipality	2,121	-	-	2,121	2,121	-	-	2,121	810	38%	1,000
Thaba Chweu	1,657	-	-	1,657	1,657	-	-	1,657	1657	100%	1,000
Mbombela	6,040	-	-	6,040	6,040	-	-	6,040	929	15%	1,695
Umjindi	1,795	-	-	1,795	1,795	-	-	1,795	1089	61%	1,286
Nkomazi	5,451	-	-	5,451	5,451	-	-	5,451	5392	99%	6,044
Bushbuckridge	2,192	-	-	2,192	2,192	-	-	2,192	2192	100%	2,596
Ehlanzeni District Municipality	2,887	-	-	2,887	2,887	-	-	2,887	2887	100%	1,000
Richtersveld	1,000	-	-	1,000	1,000	-	-	1,000	0	0%	1,000
Nama Khoi	1,000	-	-	1,000	1,000	-	-	1,000	1000	100%	1,000

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Kamiesberg	1,000	-	-	1,000	1,000	-	-	1,000	566	57%	1,000	
Hantam	1,308	-	-	1,308	1,308	-	-	1,308	1,308	100%	1,000	
Karoo Hoogland	1,000	-	-	1,000	1,000	-	-	1,000	905	91%	1,000	
Khâi-Ma	1,000	-	-	1,000	1,000	-	-	1,000	475	48%	1,000	
Namakwa District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000	
Ubuntu	1,000	-	-	1,000	1,000	-	-	1,000	806	81%	1,000	
Umsobomvu	1,000	-	-	1,000	1,000	-	-	1,000	836	84%	1,000	
Emthanjeni	1,000	-	-	1,000	1,000	-	-	1,000	498	50%	1,000	
Kareeberg	1,000	-	-	1,000	1,000	-	-	1,000	240	24%	1,000	
Renosterberg	1,000	-	-	1,000	1,000	-	-	1,000	999	100%	1,000	
Thembelihle	1,000	-	-	1,000	1,000	-	-	1,000	384	38%	1,000	
Siyathemba	1,000	-	-	1,000	1,000	-	-	1,000	745	75%	1,000	
Siyancuma	1,000	-	-	1,000	1,000	-	-	1,000	857	86%	1,000	
Pixley Ka Seme District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	880	88%	1,000	
Mier	1,000	-	-	1,000	1,000	-	-	1,000	866	87%	1,000	
Kai !Garib	1,374	-	-	1,374	1,374	-	-	1,374	740	54%	1,000	
//Khara Hais	1,015	-	-	1,015	1,015	-	-	1,015	584	58%	1,000	
!Kheis	1,000	-	-	1,000	1,000	-	-	1,000	725	73%	1,000	

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Tsantsabane	1,000	-	-	1,000	1,000	-	-	1,000	284	28%	1,000	
Kgatllopele	1,000	-	-	1,000	1,000	-	-	1,000	171	17%	1,000	
Siyanda District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	547	55%	1,000	
Sol Plaatjie	5,330	-	-	5,330	5,330	-	-	5,330	5330	100%	6,618	
Dikgatlong	1,192	-	-	1,192	1,192	-	-	1,192	1092	92%	1,000	
Magareng	1,348	-	-	1,348	1,348	-	-	1,348	600	45%	1,000	
Phokwane	1,215	-	-	1,215	1,215	-	-	1,215	490	40%	1,000	
Frances Baard District Municipality	1,006	-	-	1,006	1,006	-	-	1,006	569	57%	1,000	
Joe Morolong	1,969	-	-	1,969	1,969	-	-	1,969	1043	53%	1,000	
Ga-Segonyana	1,000	-	-	1,000	1,000	-	-	1,000	965	97%	1,000	
Gamagara	1,000	-	-	1,000	1,000	-	-	1,000	169	17%	1,000	
John Taolo Gaetsewe District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	824	82%	1,000	
Moretele	2,546	-	-	2,546	2,546	-	-	2,546	797	31%	1,175	
Madibeng	2,288	-	-	2,288	2,288	-	-	2,288	1049	46%	2,573	
Rustenburg	4,611	-	-	4,611	4,611	-	-	4,611	4611	100%	7,990	
Kgetlengrivier	2,207	-	-	2,207	2,207	-	-	2,207	2207	100%	1,000	
Moses Kotane	1,845	-	-	1,845	1,845	-	-	1,845	1845	100%	2,386	

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2013/14 Division of Revenue Act R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality
Bojanala Platinum District Municipality	1,191	-	-	1,191	1,191	-	-	1,191	1,191	100%	1,000
Ratlou	1,757	-	-	1,757	1,757	-	-	1,757	862	49%	1,080
Tswaing	1,092	-	-	1,092	1,092	-	-	1,092	602	55%	1,000
Mafikeng	2,291	-	-	2,291	2,291	-	-	2,291	2,291	100%	3,720
Ditsobotla	1,181	-	-	1,181	1,181	-	-	1,181	1,181	100%	1,982
Ramotshere Moiloa	1,464	-	-	1,464	1,464	-	-	1,464	1,464	100%	1,135
Ngaka Modiri Molema District Municipality	3,142	-	-	3,142	3,142	-	-	3,142	348	11%	1,000
Naledi	1,846	-	-	1,846	1,846	-	-	1,846	1,200	65%	1,000
Mamusa	1,386	-	-	1,386	1,386	-	-	1,386	1,069	77%	1,000
Greater Taung	1,205	-	-	1,205	1,205	-	-	1,205	870	72%	1,000
Lekwa-Teemane	1,236	-	-	1,236	1,236	-	-	1,236	1,027	83%	1,000
Kagisano	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Dr Ruth Segomotsi Mompati District Municipality	2,141	-	-	2,141	2,141	-	-	2,141	1,574	74%	1,668
Ventersdorp	1,388	-	-	1,388	1,388	-	-	1,388	513	37%	1,000
Tlokwe City Council	1,000	-	-	1,000	1,000	-	-	1,000	617	62%	1,000
City of Matlosana	1,913	-	-	1,913	1,913	-	-	1,913	283	15%	1,000
Maquassi Hills	1,189	-	-	1,189	1,189	-	-	1,189	317	27%	1,000

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT		2013/14
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Dr Kenneth Kaunda District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	925	93%	1,000
City of Cape Town	21,204	-	-	21,204	21,204	-	-	21,204	13,150	62%	32,080
Matzikama	1,201	-	-	1,201	1,201	-	-	1,201	1,197	100%	1,000
Cederberg	1,328	-	-	1,328	1,328	-	-	1,328	778	59%	1,000
Bergrivier	1,147	-	-	1,147	1,147	-	-	1,147	1,088	95%	1,000
Saldanha Bay	1,086	-	-	1,086	1,086	-	-	1,086	637	59%	1,554
Swartland	1,213	-	-	1,213	1,213	-	-	1,213	1,213	100%	1,000
West Coast District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	705	71%	1,000
Witzenberg	1,000	-	-	1,000	1,000	-	-	1,000	875	88%	1,000
Drakenstein	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Stellenbosch	1,544	-	-	1,544	1,544	-	-	1,544	1,468	95%	1,760
Breede Valley	1,006	-	-	1,006	1,006	-	-	1,006	630	63%	1,000
Langeberg	1,440	-	-	1,440	1,440	-	-	1,440	1,094	76%	1,000
Cape Winelands District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	850	85%	1,000
Theewaterskloof	1,106	-	-	1,106	1,106	-	-	1,106	834	75%	1,000
Overstrand	1,768	-	-	1,768	1,768	-	-	1,768	834	47%	1,244
Cape Agulhas	1,120	-	-	1,120	1,120	-	-	1,120	852	76%	1,000

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2013/14 Division of Revenue Act	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality		% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Swellendam	1,305	-	-	1,305	1,305	-	-	1,305	1,056	81%	1,000
Overberg District Municipality	1,056	-	-	1,056	1,056	-	-	1,056	861	82%	1,000
Kannaland	1,000	-	-	1,000	1,000	-	-	1,000	624	62%	1,000
Hessequa	1,335	-	-	1,335	1,335	-	-	1,335	243	18%	1,000
Mossel Bay	1,844	-	-	1,844	1,844	-	-	1,844	906	49%	2,240
George	2,933	-	-	2,933	2,933	-	-	2,933	1,968	67%	3,285
Oudtshoorn	1,665	-	-	1,665	1,665	-	-	1,665	1,665	100%	1,800
Bitou	1,371	-	-	1,371	1,371	-	-	1,371	1,085	79%	1,000
Knysna	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Eden District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	507	51%	1,000
Laingsburg	1,013	-	-	1,013	1,013	-	-	1,013	584	58%	1,000
Prince Albert	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	1,000
Beaufort West	1,834	-	-	1,834	1,834	-	-	1,834	1,834	100%	1,000
Central Karoo District Municipality	1,212	-	-	1,212	1,212	-	-	1,212	765	63%	1,000
	<b>594,575</b>	-	-	<b>594,575</b>	<b>594,575</b>	-	-	<b>594,575</b>	<b>434,699</b>	<b>73%</b>	<b>611,274</b>

The Department certify that all transfers were in terms of the DORA Act and deposited into the primary bank account of the municipalities.

## ANNEXURE IB STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2013/14 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
						%	
Construction Industry Development Board	77,212	-	-	77,212	77,212	100%	72,361
Council for the Built Environment	41,572	-	-	41,572	41,572	100%	37,959
Property Management Trading Entity	673,372	-	-	673,372	673,372	100%	682,426
Construction SETA	1,915	-	(255)	1,660	1,630	98%	2,750
Parliamentary Village Management Board	8,690	-	-	8,690	8,690	100%	8,198
	<b>802,761</b>	<b>-</b>	<b>(255)</b>	<b>802,506</b>	<b>802,476</b>	<b>90%</b>	<b>803,694</b>

## ANNEXURE IC STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2013/14 Appro- priation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000		Current R'000
Public Corporations									
Transfers									
Independent Development Trust	50,000	-	-	50,000	50,000	100%	-	50,000	
<b>TOTAL</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>100%</b>	<b>-</b>	<b>50,000</b>	

## ANNEXURE ID STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			EXPENDITURE		2013/14 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000		% of Available funds Transferred %
Transfers							
Commonwealth War Graves Commission	21,741	-	807	22,548	22,548	100%	
<b>Total</b>	<b>21,741</b>	<b>-</b>	<b>807</b>	<b>22,548</b>	<b>22,548</b>	<b>100%</b>	

## ANNEXURE IE STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2013/14 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000		% of Available funds transferred %
Transfers							
Non-State Sector	477,481	-	-	477,481	477,481	100%	
Agreement SA	-	-	-	-	11,021	(100%)	
<b>Total</b>	<b>477,481</b>	<b>-</b>	<b>-</b>	<b>477,481</b>	<b>488,502</b>	<b>102%</b>	

## ANNEXURE IF STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
Households	9,850	-	4,769	14,619	13,994	96%	6,925
<b>Total</b>	<b>9,850</b>	<b>-</b>	<b>4,769</b>	<b>14,619</b>	<b>13,994</b>	<b>96%</b>	<b>6,925</b>

# ANNEXURE 1G

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15 R'000	2013/14 R'000
<b>Received in kind</b>			
S&M Plumbing	Century City Vouchers (six)	-	3
BIG/PWV Consortium	Transport to Polokwane for officials attending a funeral	9	-
AVAX SA 181 CC	Soccer kits (two), branding of kit, T-shirts (55), first aid kit (three), soccer ball, water containers (six), shorts, vests, caps and two volleyball balls	18	-
Konica Minolta	T-shirts for the netball, soccer and volleyball players	2	-
MTN and Sports and Rec	Water bottles for the netball, soccer and volleyball players / two soccer balls	1	-
B Ramgoolam & Associates	Gift card to purchase t-shirts for sport teams	2	-
Siyaxhasana Construction	Gift card to purchase t-shirts for sport teams	2	-
Ulungeni Construction CC	Gift card to purchase t-shirts for sport teams	2	-
Dwesa Consulting Engineers Pty (Ltd)	Gift card to purchase t-shirts for sport teams	2	-
Charles Taylor Architect CC	Gift card to purchase t-shirts for sport teams	2	-
Alkatec Consulting	Two soccer kits	4	-
KPMG	41 Laptops @ 10k each	410	-
<b>TOTAL</b>		<b>454</b>	<b>3</b>

## ANNEXURE 2A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing	21	8	-	8	-	-	-	-
Nedbank Ltd (NBS)		104	17	-	17	-	-	-	-
FNB former Saambou		48	25	-	25	-	-	-	-
Old Mutual (Ned/Perm)		31	13	-	-	-	13	-	-
<b>TOTAL</b>		<b>204</b>	<b>63</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>

## ANNEXURE 2B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015

Nature of Liability	Opening Balance 1 April 2014	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2015
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Liability claims	67	-	(67)	-	-
Breach of contract	10	-	-	-	10
Labour relation matters	289	219	(289)	-	219
<b>TOTAL</b>	<b>366</b>	<b>219</b>	<b>(356)</b>	<b>-</b>	<b>229</b>

## ANNEXURE 3 CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15*	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	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	-	-	3,273	-	3,273	-	-	-
Correctional Services	-	-	-	27	-	27	-	-
Defense	-	904	-	-	-	904	-	-
Human Settlements	38	-	-	16	38	16	-	-
Justice	-	-	-	14	-	14	-	-
Labour	-	39	-	30	-	69	-	-
Performance Monitoring and Evaluation	-	2	-	-	-	2	-	-
Provincial Departments	-	94	-	31	-	125	-	-
Rural Development	-	16	10	-	10	16	-	-
Statistics SA	-	-	-	-	-	-	-	-
Woman and Children	-	-	-	2	-	2	-	-
The Presidency	-	1	159	-	159	1	-	-
	<b>38</b>	<b>1,056</b>	<b>3,442</b>	<b>122</b>	<b>3,480</b>	<b>1,176</b>		
Other Government Entities								
Public Works (PMTE)	-	6,543	281	2	281	6,545	02/04/2015	138,181
Services SETA	-	-	10,897	-	10,897	-	-	-
National Prosecuting Authority	-	27	-	-	-	27	-	-
	<b>-</b>	<b>6,570</b>	<b>11,178</b>	<b>2</b>	<b>11,178</b>	<b>6,572</b>		
<b>TOTAL</b>	<b>38</b>	<b>7,626</b>	<b>14,620</b>	<b>124</b>	<b>14,658</b>	<b>7,748</b>		<b>138,181</b>

## ANNEXURE 4 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15*	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000

### DEPARTMENTS

<b>Current</b>									
Government Printing Works	28	719	-	-	28	719	-	-	-
Justice and Constitutional Development	1,083	3,825	-	-	1,083	3,825	-	-	-
National Treasury	-	5	-	-	-	5	-	-	-
PALAMA	-	302	-	-	-	302	-	-	-
Rural Development and Land Reform	-	16	-	-	-	16	-	-	-
Higher Education	107	182	-	-	107	182	-	-	-
Labour	41	41	-	-	41	41	-	-	-
Mineral and Resources	-	15	-	-	-	15	-	-	-
Transport	-	48	-	-	-	48	-	-	-
Water Affairs	-	10	-	-	-	10	-	-	-
Department of Public Works (Free State)	-	70	-	-	-	70	-	-	-
Department of Health (Free State)	-	23	-	-	-	23	-	-	-
Department of Health (North West)	-	9	-	-	-	9	-	-	-
Deeds Office	-	12	-	-	-	12	-	-	-

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15*	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Human Settlements	-	26	-	-	-	26		-
Defence	2,017	-	-	-	2,017	-		-
EC Roads & Public Works	30	-	-	-	30	-		-
Statistics	10	-	-	-	10	-		-
<b>Total</b>	<b>3,316</b>	<b>5,303</b>	<b>-</b>	<b>-</b>	<b>3,316</b>	<b>5,303</b>		<b>-</b>

**OTHER GOVERNMENT ENTITY**

**Current**

Property Management Trading Entity (PMTE)	342	89,462	-	-	342	89,462		-
IDT	5,178	282	-	-	5,178	282		-
AGSA	6,622	10,084	-	-	6,622	10,084		-
State Attorney	-	1	-	-	-	1		-
SITA	1,122	729	-	-	1,122	729		-
SIU	23,526	2,812	-	-	23,526	2,812		-
Telkom	618	-	-	-	618	-		-
National Intelligence Agency	-	-	-	-	-	-		-
GEPF	1	-	-	-	1	-		-
AGRISETA	773	-	-	-	773	-		-
SALGA	42	-	-	-	42	-		-

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15*	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEAFSA	5	-	-	-	5	-		-
SADC DFRC	18	-	-	-	18	-		-
GTAC	4,153	-	-	-	4,153	-		-
MERSETA	255	-	-	-	255	-		-
<b>Subtotal</b>	<b>42,655</b>	<b>103,370</b>	<b>-</b>	<b>-</b>	<b>42,655</b>	<b>103,370</b>		<b>-</b>
<b>Total</b>	<b>45,971</b>	<b>108,673</b>	<b>-</b>	<b>-</b>	<b>45,971</b>	<b>108,673</b>		<b>-</b>

# ANNEXURE 5 INVENTORIES

Inventory	Quantity	2014/15	2013/14
		R'000	R'000
Opening balance	625,373	7,374	7,079
Add/(Less): Adjustments to prior year balance	-	-	(114)
Add: Additions/Purchases - Cash	-	-	35,889
Add: Additions - Non-cash	-	-	-
(Less): Disposals	-	-	(349)
(Less): Issues	(625,373)	(7,374)	(39,281)
Add/(Less): Adjustments	-	-	426
Weighted Average Price Variance	-	-	3,724
<b>Closing balance</b>	-	-	<b>7,374</b>

Note

## ANNEXURE 6

### MOVEMENT IN CAPITAL WORK IN PROGRESS

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>2,222</b>	<b>960</b>		<b>3,182</b>
Heritage assets	2,222	960		3,182
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>404,604</b>	<b>301,554</b>		<b>706,158</b>
Dwellings	21,577	22,706		44,283
Non-residential buildings	151,298	242,001		393,299
Other fixed structures	231,729	36,847		268,576
<b>LAND AND SUBSOIL ASSETS</b>	<b>28,773</b>	<b>13,400</b>		<b>42,173</b>
Land	28,773	13,400		42,173
<b>TOTAL</b>	<b>435,599</b>	<b>315,914</b>		<b>751,513</b>

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Prior period error	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>			<b>4,087</b>	<b>(1,865)</b>	<b>2,222</b>
Heritage assets	-	-	4,087	(1,865)	2,222
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		<b>12,012,867</b>	<b>431,121</b>	<b>(12,039,384)</b>	<b>404,604</b>
Dwellings	-	-	27,822	(6,245)	21,577
Non-residential buildings	-	12,012,867	163,727	(12,025,296)	151,298
Other fixed structures	-	-	239,572	(7,843)	231,729
<b>LAND AND SUBSOIL ASSETS</b>			<b>186,826</b>	<b>(158,053)</b>	<b>28,773</b>
Land	-	-	186,826	(158,053)	28,773
<b>TOTAL</b>	<b>-</b>	<b>12,012,867</b>	<b>622,034</b>	<b>(12,199,302)</b>	<b>435,599</b>

## ANNEXURE 7A

### INTER-ENTITY ADVANCES PAID (Note 11)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
<b>PUBLIC ENTITIES</b>						
IDT	9,881	18,138	-	-	9,881	18,138
GCIS	342	754	-	-	342	754
NECSA	155	-	-	-	155	-
<b>Subtotal</b>	<b>10,378</b>	<b>18,892</b>			<b>10,378</b>	<b>18,892</b>
<b>OTHER ENTITIES</b>						
Software licences	2,315	9,252	-	-	2,315	9,252
<b>Subtotal</b>	<b>2,315</b>	<b>9,252</b>	-	-	<b>2,315</b>	<b>9,252</b>
<b>Total</b>	<b>12,693</b>	<b>28,144</b>	-	-	<b>12,693</b>	<b>28,144</b>

## ANNEXURE 7B

### INTER-ENTITY ADVANCES RECEIVED (Note 21 and Note 22)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
<b>Current</b>						
Higher Education and Training	65,380	34,217	-	-	65,380	34,217
<b>Subtotal</b>	<b>65,380</b>	<b>34,217</b>	-	-	<b>65,380</b>	<b>34,217</b>
<b>PROVINCIAL DEPARTMENTS</b>						
<b>Current</b>						
Eastern Cape Department of Roads and Public Works	9,900	9,900	-	-	9,900	9,900
<b>Subtotal</b>	<b>9,900</b>	<b>9,900</b>	-	-	<b>9,900</b>	<b>9,900</b>
<b>TOTAL</b>	<b>75,280</b>	<b>44,117</b>	-	-	<b>75,280</b>	<b>44,117</b>
<b>Current</b>	<b>75,280</b>	<b>44,117</b>	-	-	<b>75,280</b>	<b>44,117</b>

# CHAPTER 6

## FINANCIAL STATEMENTS PMTE



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The annual financial statements set out on pages 317 to 324, which have been prepared on the going concern basis, were approved on 30 June 2015.



**Mr Mziwonke Dlabantu**

*Director-General*

# Report of the Auditor-General to Parliament on the Property Management Trading Entity

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Property Management Trading Entity (PMTE) set out on pages 317 to 324, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as 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.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## Basis for qualified opinion

### Payables from exchange transactions

6. The trading entity did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1: Presentation of financial statements. As the entity did not have adequate systems to maintain records of accruals for goods and services received but not yet paid for, payables were understated. I was not able to determine the full extent of the understatement of accruals of R1 526 429 000 (2014: R1 305 338 000) included in payables from exchange transactions stated at R6 110 126 000 (2014: R3 370 421 000) in note 11 to the financial statements as it was impracticable to do so.

### Receivables from exchange transactions

7. The trading entity did not recognise all outstanding amounts meeting the definition of revenue accrual in accordance with GRAP 1: Presentation of financial statements. As the entity did not have adequate systems to maintain records of accounts receivables for services rendered but not yet paid for, receivables from exchange transactions were understated. I was not able to determine the full extent of the understatement of revenue accrual of R631 574 000 (2014: R613 852 000) included in receivables from exchange transactions stated at R2 156 652 000 (2014: R1 707 574 000) in note 3 to the financial statements as it was impracticable to do so.

### Operating expenses

8. The trading entity did not recognise property maintenance amounts meeting the definition of expenses in accordance with GRAP 1: Presentation of financial statements. This resulted in operating expenses being understated. I was not able to determine the full extent of the understatement of property maintenance stated at R2 390 455 000 (2014: R2 536 662 000) included in operating expenses stated at R8 273 859 000 (2014: R7 654 294 000) in note 18 to the financial statements as it was impracticable to do so. Consequently, there was a resultant impact on the surplus for the period and accumulated surplus in the financial statements.
9. I was unable to obtain sufficient appropriate audit evidence that property rates paid for the current year were valid due to the properties not being identifiable on the entity's asset register. I was unable to confirm property rates by alternative means. Consequently, I was unable to determine whether any adjustments to property rates stated at R835 257 000 included in operating expenses stated at R8 273 859 000 in note 18 to the financial statements were necessary. Consequently, there was a resultant impact on the surplus for the period and accumulated surplus in the financial statements.

## Qualified opinion

10. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the PMTE as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

## Emphasis of matters

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

### Restatement of corresponding figures

12. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2014 were restated as a result of errors discovered during 2015 in the financial statements of the PMTE at, and for the year ended, 31 March 2014.

### Material impairments

13. As disclosed in note 18 to the financial statements, potential losses to the amount of R100 349 000 were incurred as a result of an impairment of irrecoverable trade debtors.

### Transfer of functions

14. The Department of Public Works transferred certain property management functions including the related assets, liabilities and staff to the PMTE as at 1 April 2013. An additional transfer took place as at 1 April 2014. The PMTE has taken advantage of transitional provisions in terms of GRAP 105 and Accounting Standards Board's Directive 2 to measure all assets and liabilities transferred. The effect of these transfers is detailed in note 33 to the financial statements.

## Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

16. I did not audit performance against predetermined objectives, as the PMTE does not report separately on performance against predetermined objectives. The performance against predetermined objectives is reported in the annual report of the Department of Public Works.

### Compliance with legislation

17. I performed procedures to obtain evidence that the trading entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Financial statements, performance report and annual report**

18. Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 40(1)(c)(i) of the PFMA.
19. The financial statements submitted for auditing were not supported by full and proper records, as required by section 40(1) (a) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified audit opinion.

### **Procurement and contract management**

20. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as the entity did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to evaluate compliance.
21. Goods and services with a transaction value below R500 000 were in certain instances procured without obtaining the required price quotation, as required by treasury regulation 16A6.1.
22. Goods and services with a transaction value above R500 000 were in certain instances procured without inviting competitive bids, as required by treasury regulation 16A6.1. A number of deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of treasury regulation 16A6.4.
23. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period and advertised in the government tender bulletin, as required by treasury regulation 16A6.3(c).
24. Sufficient appropriate audit evidence could not be obtained that bid adjudication was done by committees which were composed in accordance with the policies of the trading entity, as required by treasury regulation 16A6.2(a), (b) and (c).
25. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers whose tax matters have been declared by the South African Revenue Service to be in order, as required by treasury regulation 16A9.1(d) and the preferential procurement regulations.
26. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by treasury regulation 16A6.3(a) and preferential procurement regulations.
27. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, in contravention of treasury regulation 16A8.3.
28. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and treasury regulation 16A6.3(b).

29. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
30. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders that scored the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and preferential procurement regulations.
31. Contracts were awarded to bidders who did not submit a declaration of past supply chain practices such as fraud, abuse of supply chain management system and non-performance, in contravention of treasury regulation 16A9.2

### Expenditure management

32. Steps taken to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1, were in certain instances not effective.

### Consequence management

33. Effective and appropriate disciplinary steps, in certain instances, were not taken against officials who made or permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA and treasury regulation 9.1.3.

### Revenue management

34. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA and treasury regulations 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).

### Asset management and liability management

35. The entity's main bank account was overdrawn throughout the reporting period, in contravention of treasury regulation 19.2.3.

### Internal control

36. I considered internal control relevant to my audit of the financial statements and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

### Leadership

37. Although improvements were noted in certain areas of the financial statements, leadership must continue to enhance effective oversight regarding financial reporting, compliance and related internal controls.
38. The leadership did not institute effective measures to ensure that correct payments were made to suppliers in respect of private leases. Payments relating to leases were made from the Property Management Information System which did not agree with the information on signed lease agreements in certain instances, resulting in

overpayments to landlords. At year-end management identified and disclosed these as prepayments.

## Financial and performance management

39. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial reporting.
40. Regular, accurate and complete financial reports that were supported and evidenced by reliable information were not prepared throughout the financial year.
41. The review and monitoring of compliance with applicable legislation were ineffective. In certain instances, the non-compliance related to multi-year contracts entered into in previous years.

## Governance

42. The leadership must continue to focus on expanding capacity in the risk management and internal audit units to ensure optimal functioning in terms of addressing risks and internal control deficiencies within the entity.

## Other reports

### Investigations

43. Numerous internal allegations, mainly relating to transgressions with respect to supply chain management, potential fraud and financial misconduct, are being investigated on an ongoing basis.
44. The alleged abuse of urgent and emergency procurement and the use of sole suppliers are the subject of an ongoing investigation. The investigation aims to establish whether there was collusion between officials and service providers and to determine any reckless spending of funds. The investigation is being probed in phases. The department has instituted disciplinary action in respect of the finalised reports on an ongoing basis.
45. Proclamation no. R. 59 of 2013 was approved on 20 December 2013 by the President for the Special Investigating Unit to probe allegations relating to the prestige project. This involves the security upgrading of the President's private residence situated at Nkandla, KwaZulu-Natal. This report was concluded on 20 August 2014.

*Auditor-General*

Pretoria

04 September 2015



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

*Auditing to build public confidence*

# STATEMENT OF FINANCIAL POSITION

## for the Year Ended 31 March 2015

### Property Management Trading Entity

	Note	2015 R '000	2014 Restated* R '000
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	2 156 652	1 707 574
Receivables from non-exchange transactions	4	187 467	98 911
Operating lease assets	5	973 011	928 233
Cash and cash equivalents	6	6 197	353
		<b>3 323 327</b>	<b>2 735 071</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	11 906 080	8 415 006
Investment property	8	66 502 647	66 506 512
Heritage assets	9	3 315	2 125
Intangible assets	10	12 035	32 904
		<b>78 424 077</b>	<b>74 956 547</b>
<b>Total Assets</b>		<b>81 747 404</b>	<b>77 691 618</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liabilities	5	916 539	868 628
Bank overdraft	6	667 586	433 108
Payables from exchange transactions	11	6 110 126	3 370 421
Retention liabilities	12	222 637	225 708
Employee benefit obligation	13	170 582	82 213
Provisions	14	23 803	37 615
Finance lease obligation	15	2 925	-
		<b>8 114 198</b>	<b>5 017 693</b>
<b>Non-Current Liabilities</b>			
Retention liabilities	12	34 717	13 578
Finance lease obligation	15	943	-

Note

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated*</b>
	<b>R '000</b>	<b>R '000</b>
	<b>35 660</b>	<b>13 578</b>
<b>Total Liabilities</b>	<b>8 149 858</b>	<b>5 031 271</b>
<b>Net Assets</b>	<b>73 597 546</b>	<b>72 660 347</b>
<b>Net Asset Reserves</b>		
Accumulated surplus	73 597 546	72 660 347
<b>Net Assets</b>	<b>73 597 546</b>	<b>72 660 347</b>

# STATEMENT OF FINANCIAL PERFORMANCE

## for the Year Ended 31 March 2015

### Property Management Trading Entity

	Note	2015 R '000	2014 Restated* R '000
Revenue from exchange transactions	16	7 676 716	8 229 619
Revenue from non-exchange transactions	17	2 721 020	1 436 899
<b>Total revenue</b>		<b>10 397 736</b>	<b>9 666 518</b>
Operating expenses	18	8 273 859	7 654 294
Interest expense	19	638	1 458
Employee costs	20	1 268 405	629 108
<b>Total expenses</b>		<b>9 542 902</b>	<b>8 284 860</b>
<b>Surplus for the period</b>		<b>854 834</b>	<b>1 381 658</b>

# STATEMENT OF CHANGES IN NET ASSETS for the Year Ended 31 March 2015

## Property Management Trading Entity

	Note	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported		(1 920 633)	(1 920 633)
Adjustments			
Prior period errors	30	890 382	890 382
<b>Restated* Balance at 1 April 2013</b>		<b>(1 030 251)</b>	<b>(1 030 251)</b>
Changes in net assets			
Prior period errors	30	(1 464 819)	(1 464 819)
Adjustments to surplus due to changes to provisional amounts for transfer of functions		(13 186)	(13 186)
Adjustment to net gain on transfer of functions effective 1 April 2013		64 776 533	64 776 533
<b>Total prior period errors and adjustments</b>		<b>63 298 528</b>	<b>63 298 528</b>
Surplus for the year as previously stated		2 859 660	2 859 660
Net gain from transfer of function effective 1 April 2013 as previously stated		7 532 410	7 532 410
<b>Restated* Balance at 1 April 2014</b>		<b>72 660 347</b>	<b>72 660 347</b>
Changes in net assets			
Surplus for the year		854 834	854 834
Net gain from transfer of function effective 1 April 2014	33	82 365	82 365
<b>Balance at 1 March 2015</b>		<b>73 597 546</b>	<b>73 597 546</b>

# CASH FLOW STATEMENT

## for the Year Ended 31 March 2015

### Property Management Trading Entity

Note	2015	2014
Prepared on cash basis	R '000	Restated* R '000
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Accommodation charges - leasehold inter-governmental	3 717 172	3 311 501
Accommodation charges - freehold inter-governmental user charges	3 605 438	3 725 788
Accommodation charges - freehold inter-governmental projects	2 142 514	2 743 884
Accommodation charges - private	25 945	34 492
Augmentation	673 372	682 426
Management fee on municipal services	180 042	168 394
Municipal services recovered	3 600 834	3 434 051
Interest, fines, recoveries and other receipts	61 678	33 062
	14 006 995	14 133 598
<b>Payments</b>		
Cleaning and gardening	185 902	170 922
Bank charges, interest and other expenses	41 809	5 733
Scheduled maintenance (including disallowances)	1 203 908	1 513 131
Maintenance (including security)	1 106 605	970 209
Construction costs	-	349 276
Municipal services paid	3 677 091	3 315 640
Municipal deposits paid	-	3 167
Operating leases (including Rent on land)	3 780 341	3 437 289
Property rates	792 777	799 173
	10 788 433	10 564 540
<b>Net cash flows from operating activities</b>	<b>3 218 562</b>	<b>3 569 058</b>
	21	

Note

**Cash flows from investing activities**

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated*</b>
		<b>R '000</b>
Acquisition of property, plant and equipment	(3 447 196)	(2 600 751)
Proceeds from sale of property, plant and equipment	-	432
<b>Net cash flows from investing activities</b>	<b>(3 447 196)</b>	<b>(2 600 319)</b>

**Cash flows from financing activities**

Finance lease payments	-	(755)
Finance lease receipts	-	755
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>

**Net increase/(decrease) in cash and cash equivalents**

Cash and cash equivalents at the beginning of the year	(432 755)	(1 401 494)
<b>Cash and cash equivalents at the end of the year</b>	<b>(661 389)</b>	<b>(432 755)</b>

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# STATEMENT COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the Year Ended 31 March 2015

## Property Management Trading Entity

### 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>Receipts</b>					
Accommodation charges - leasehold inter-governmental	3 532 770	268 264	3 801 034	3 717 172	(83 862)
Accommodation charges - freehold inter-governmental user charges	4 006 567	(375 395)	3 631 172	3 605 438	(25 734)
Accommodation charges - freehold inter-governmental projects	3 434 447	(1 197 062)	2 237 385	2 142 514	(94 871)
Accommodation charges - freehold private	37 800	(3 290)	34 510	25 945	(8 565)
Augmentation	673 372	-	673 372	673 372	-
Management fee on municipal services	190 383	(383)	190 000	180 042	(9 958)
Municipal services recovered	3 807 650	-	3 807 650	3 600 834	(206 816)
Interest, fines, recoveries and other receipts	7 760	28 778	36 538	61 678	25 140
	<b>15 690 749</b>	<b>(1 279 088)</b>	<b>14 411 661</b>	<b>14 006 995</b>	<b>(404 666)</b>

### Payments

Bank charges, interest and other expenses	4 166	162 332	166 498	41 809	(124 689)
Cleaning and gardening	258 475	(56 402)	202 073	185 902	(16 171)
Scheduled maintenance (including disallowances)	1 614 974	(462 116)	1 152 858	1 203 908	51 050
Maintenance (including security)	979 660	130 407	1 110 067	1 106 605	(3 462)
Municipal services (paid)	3 807 650	-	3 807 650	3 677 091	(130 559)
Municipal services (arrears)	-	176	176	-	(176)
Operating leases (including rent on land)	3 532 771	268 263	3 801 034	3 780 341	(20 693)
Property rates	960 162	-	960 162	792 777	(167 385)
	<b>11 157 858</b>	<b>42 660</b>	<b>11 200 518</b>	<b>10 788 433</b>	<b>(412 085)</b>

**Budget on Cash Basis**

<b>Approved budget</b>	<b>Adjust- ments</b>	<b>Final Budget</b>	<b>Actual amounts on compa- rable basis</b>	<b>Difference between final budget and actual</b>
<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>

**Capital movements**

Recoverable capital expenditure	3 434 447	(1 197 062)	2 237 385	2 364 860	127 475
Non-recoverable capital expenditure	1 098 444	(124 686)	973 758	1 082 336	108 578
	<b>4 532 891</b>	<b>(1 321 748)</b>	<b>3 211 143</b>	<b>3 447 196</b>	<b>236 053</b>

**Cash surplus**

	-	-	-	<b>(228 634)</b>	<b>(228 634)</b>
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Refer to note 31 for reconciliations and explanations of material differences.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the Year Ended 31 March 2015

## Property Management Trading Entity

### 1. Presentation of Annual 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 122(3) of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999).

These accounting policies are consistent with the previous period.

#### 1.1 Going concern assumption

These annual financial statements have been prepared on the going concern basis. Although the PMTE has a bank overdraft of R674 million as at 31 March 2015 (R433 million as at 31 March 2014) and the current liabilities exceed the current assets, management maintains their assertion that the PMTE is able to continue on a going concern basis into the foreseeable future. The PMTE operates under the control and support of the National Department of Public Works ("NDPW") and National Treasury is aware of the PMTE's overdraft position. Management is implementing a turnaround strategy for the entity.

#### 1.2 Standards of GRAP issued but not yet effective

Listed below are the Standards of GRAP that have been issued by the ASB, but where the Minister of Finance has not determined an effective date. The standards have not been early adopted by the PMTE. The PMTE intends to adopt the standards when they become effective and applicable.

##### *1.2.1 Standards utilised in developing accounting policies and disclosures*

PMTE has utilised the principles of the Standard of GRAP on Related party disclosures (GRAP 20) in disclosing related party relationships and transactions, the Standard of GRAP on Transfer of Functions between Entities under Common Control (GRAP 105), in accounting for the transfer of functions from the NDPW (main vote) to the trading entity, and the Standard of GRAP on Statutory Receivables (GRAP 108) to account for statutory receivables applicable to the PMTE.

As a result, there will be no impact on the financial statements when the Standards becomes effective.

##### *1.2.2 Other standards not yet effective*

Accounting policies have not been developed for the following Standards as the transactions and events within the scope of these Standards are not yet applicable:

GRAP 18 - Segment reporting

Segments are identified by the way in which information is reported to management, both for purpose of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the PMTE. The major classifications of activities identified in budget documentation will usually reflect the segments for which the PMTE reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of the PMTE that provides specific outputs or achieves particular operating objectives that are in line with the PMTE's overall mission. Geographical segments relate to specific outputs generated or particular objectives achieved, by the PMTE within a particular region.

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.

It is unlikely that the following Standards and/or amendments to Standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the PMTE once they become effective:

GRAP 106	Transfer of functions of entities not under common control
GRAP 107	Mergers
IGRAP 11	Consolidation - Special purpose entities
IGRAP 12	Jointly controlled entities - Non monetary contributions by ventures
IGRAP 17	Service concession agreements where a grantor controls a significant residual interest in an asset
GRAP 32	Service concession agreements: Grantor

### 1.3 Significant judgement and sources of estimation uncertainty

#### 1.3.1 Control of immovable assets

In terms of the Government Immovable Asset Management Act (GIAMA), the NDPW is the custodian of immovable assets that vests in national government, except in cases where custodian functions were assigned to another Minister by virtue of legislation before the commencement of GIAMA. With effect from 1 April 2013, the NDPW transferred certain of the property management functions to the PMTE, which operates within the administration of the NDPW. In substance, due to the transfer of function, the PMTE is in control of the immovable assets and collects all revenue relating to leases and incurs expenses relating to the leases of the immovable assets. However, the custodianship of the immovable assets and related legal titles remains with the NDPW.

#### 1.3.2 Assets and liabilities related to the transfer of functions

All assets and liabilities related to the transfer of functions are recognised and measured in accordance with the transitional provisions as per Directive 2 issued by the ASB in May 2010.

For initial measurement purposes, assets acquired through the transfer of functions is measured at their carrying amounts as per the records of the NDPW. Where those carrying amounts do not represent GRAP compliant amounts, the carrying amounts will be estimated using various measurement bases, depending on the type of asset or liability. The NDPW transferred functions on two separate occasions, effective 1 April 2013 and 1 April 2014 respectively. For further

details refer to note 33. The PMTE will not comply with the requirements of the specific standards of GRAP for those assets and liabilities until the transitional provisions expire on 1 April 2016 and 1 April 2017 for the respective transfer of functions.

### *1.3.3 Useful life and residual life*

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.

Refer to note 2.3 for the accounting policies on estimated useful lives for property, plant and equipment, note 2.2 for investment property and note 2.5 for intangible assets.

### *1.3.4 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 equal the service value of the property provided to the minister. Therefore, the receivable is classified as a statutory receivable and the revenue is classified as a non-exchange transaction.

### *1.3.5 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 are of the opinion that even though a lease may be extended for one or two more terms, the total term would still not be considered to be a major part of the economic life of the asset.

As formal lease agreements between PMTE and its client departments do not exist, the same terms and conditions included in the underlying lease agreements with the landlord is used to assess the classification of the sub-lease.

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, no systematic basis can be used to recognise the lease revenue that would be representative of the time pattern which benefit derived from the lease asset is diminished.

#### *1.3.6 Impairment of receivables measured at cost or amortised cost*

The full voted funds for accommodation from client departments is allocated to the PMTE 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 receivables. Thereafter an impairment loss is recognised on a group of receivables with the same credit risk. 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 made judgements based on history to determine if the receivable/group of receivables have to be impaired. Should the financial condition of the client change actual write-offs could differ significantly from the impairment losses recognised.

The current year impairment is based on management's best estimate of the expected cash flows for amounts that are outstanding for longer than the normal payment terms discounted at the current rate applicable to debts owed to the state. Where management cannot determine the future payment date, management discounts from invoice date for 12 months after year end.

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 institutions.

#### *1.3.7 Classification of non-financial assets*

Judgement is applied when classifying immovable assets between property, plant and equipment and investment property. Consideration is given to the type of property, why the property is held by national government, and the occupant. The main factor considered is whether PMTE holds the assets either for service delivery (in accordance with government objectives), resulting in property, plant and equipment, or for capital appreciation and/or earning of rentals, resulting in investment property. 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 for capital appreciation.

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.

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
- The restrictions on the use of the property by PMTE.

The PMTE, as a trading entity of the NDPW, 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 and to enable it to deliver on its mandate, the PMTE may recover an accommodation charge on certain properties it holds. The accommodation charge is not commercially based, but rather to ensure that the PMTE is operating at a break-even level. 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.

Heritage assets may be used for administrative purposes. Management used 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 office accommodation, the heritage asset is accounted for as property, plant and equipment under the Standard of GRAP on Property, Plant and Equipment.

#### *1.3.8 Principal versus agent relationship*

The PMTE's mandate is to manage the accommodation and infrastructure needs of national departments. 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.

Should the PMTE be unable to satisfy the accommodation needs of a particular user 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; and apply the lease agreement to the occupant/sub-leasee.

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 acting as principal with regards to the sub-lease arrangement.

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 regarded as revenue for the PMTE.

#### *1.3.9 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 was 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 NDPW. Due to the nature of these transactions, where amounts could not be measured reliably, only a narrative disclosure was 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. It is difficult to measure the value of these services and they are usually consumed within the period. Where amounts could be reliably measured, these have been recognised.

## **2. Significant accounting policies**

### **2.1 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 provisional amounts at the date of transfer. Any difference between the assets and liabilities recognised and consideration paid, if any, is recognised in accumulated surplus or deficit.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where assets and liabilities were acquired through a transfer of functions, the entity is not required to measure those assets and liabilities for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Due to the operationalisation of the PMTE, the NDPW transferred certain functions to the PMTE on the 1 April 2013 and 1 April 2014 respectively.

The PMTE acquired the following functions and the related assets and liabilities from the NDPW on 1 April 2013:

- Asset Investment Management
- Property Management
- Facilities Management
- Key Account Management
- Regional Finance Units.

The PMTE acquired the following functions and the related assets and liabilities from the NDPW on 1 April 2014:

- Inner City Regeneration
- Projects and Professional services
- Regional co-ordination
- Supply Chain Management
- Regional support and Regional Managers

Until such time as the measurement period expires, and the items of assets and liabilities associated with the transfer of functions are recognised and measured, in accordance with the applicable Standard of GRAP, the PMTE does not need to comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1)
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4)
- Leases (GRAP 13)
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption for applying the measurement requirements of the relevant Standards of GRAP implies that any associated presentation and disclosure requirements does not need to be complied with for the relevant assets and liabilities in accordance with the requirements of the following applicable Standards of GRAP:

- Property, plant and equipment (GRAP 17)
- Heritage assets (GRAP 103)
- Investment Property (GRAP 16)
- Intangible assets (GRAP 102)
- Employee benefits (GRAP 25)
- Provisions, contingent liabilities and contingent assets (GRAP 19)
- Leases (GRAP 13)

The provisional amounts used to recognise the assets and liabilities will be restated once they can be accurately determined. Only then will subsequent measurement requirements be applicable.

Classes of assets and useful lives are preliminary and will only be finalised once the assets transferred have been verified and valued. However, the measurement period exemption shall not exceed the later of three years from the effective date of the Standard and the transfer date.

## 2.2 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,
- 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.

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 the surplus or deficit.

With the exception of assets acquired through a transfer of functions (refer to note 2.1), where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Land held for a currently undetermined use is recognised in accordance with the requirements of the Standard of GRAP on Investment Property until such time as the use of the land has been determined. Once a use has been determined, the land will be reclassified accordingly.

Investment property is subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. Vacant land is not depreciated.

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.

<b>Item</b>	<b>Useful life</b>	<b>Vacant land</b>
indefinite Immovable properties *	12 - 100 years	

\* Refer to note 2.3 for detail breakdown of the useful lives of the immovable properties.

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.

Gains and losses on the derecognition of investment properties, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment (refer to note 2.3).

### **2.3 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, 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.

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.

With the exception of items of assets acquired through the transfer of functions (refer to note 2.1), 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 the asset when they are in the condition necessary for them 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 the asset is transferred to an item of property, plant and equipment.

If a part of an item of property, plant and equipment is replaced, the carrying amount of the existing part is derecognised and the value of the new part is recognised.

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 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 (refer to accounting policy 2.6) assessed as having a dual function of being a heritage asset and providing accommodation services are recognised and disclosed in terms of the Standard of GRAP on Property, plant and equipment (GRAP 17) and not the Standard of GRAP on Heritage assets (GRAP 103), if a significant portion of the heritage asset is utilised for office accommodation.

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 in the surplus or deficit.

In terms of the transitional provisions set out in Directive 2, depreciation on property, plant and equipment will only commence once the deemed carrying amount of the transferred assets has been determined. Depreciation and provisional amounts will be retrospectively adjusted to the period when the transfer of functions are effective.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Average useful life</b>
Immovable properties	
• Low rise buildings (up to 4 floors)	12 - 35 years
• High rise buildings (more than 4 floors)	40 - 60 years
• Warehouse / garage / storerooms	40 - 60 years
• Prisons	100 years
• Barracks	12 - 35 years
• Dwellings	40 - 60 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 - 35 years
Dual purpose heritage assets	indefinite useful life
Furniture and office equipment	5 - 15 years
Vehicles	4 - 7 years
Other machinery and equipment	5 - 10 years
Computer equipment	3 - 5 years

The PMTE shall assess annually at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the PMTE shall estimate the recoverable service amount of recoverable amount for non-cash-generating and cash generating assets respectively. Any impairment loss recognised where the carrying amount exceeds the asset's recoverable service amount or the recoverable amount.

The PMTE shall assess annually at each 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 shall estimate the recoverable service amount of 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.

The gain or loss arising from the derecognition 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 derecognition 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.

#### **2.4 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.

#### **2.5 Intangible assets**

An asset is identifiable if it either:

- is capable of being separated or divided from the PMTE and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability, or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the PMTE or from other rights and obligations.

An intangible asset is recognised 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, such as servitudes, other than exercising its rights through legislation, it classifies these as intangible assets.

Intangible assets are initially recognised at cost.

With the exception of assets acquired through the transfer of functions (refer to note 2.1), where an intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition. Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses. 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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life and recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

The amortisation period, the amortisation method and the residual values of the intangible assets with finite useful lives are reviewed on an annual basis. Any changes are recognised as changes in accounting estimates in surplus or deficit.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

<b>Item</b>	<b>Useful life</b>
Computer software	2 - 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised 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 2.3).

## **2.6 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.

The entity 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 (refer to note 2.1), 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.

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, heritage assets are carried at 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.

Gains and losses on the derecognition of heritage assets, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment (refer to note 2.3).

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.

## **2.7 Payables from exchange transactions**

The PMTE recognises payables from exchange transactions where liabilities result in 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 the invoice is outstanding or a formal agreement with the supplier has

not been concluded.

The PMTE recognises in payables 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.

## 2.8 Basis of preparation

The annual financial statements have been prepared on the accrual basis using historical cost as a measurement basis, unless another measurement basis is required by a Standard of GRAP, as specified in the significant accounting policies.

## 2.9 Financial instruments

### Classification, recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments. The PMTE recognises financial assets and financial liabilities using trade date accounting.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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.

The instruments are measured at amortised cost using the effective interest rate method, except for leases (refer to note 2.12).

Financial instruments are initially measured at fair value. The fair value is the transaction price unless there is a clear indication that the transaction price does not represent the fair value at initial recognition.

Interest is charged on debt outstanding exceeding the normal credit terms at the rate applicable of 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.

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that have been designated at fair value or are held for trading, are measured at amortised cost. Instruments

that do not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value.

Amortised cost is calculated based on the effective interest method.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method, less impairments.

### **Impairment of financial assets measured at amortised 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 that have not been incurred. Impairment loss on receivables is impaired directly to the receivables. Receivables at amortised cost are discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition). 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.

At each end of the 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 has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset'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 shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

## **Derecognition**

### Financial assets

The entity 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 shall:
  - derecognise the asset; and
  - 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**

The PMTE derecognises a financial liability (or a part of the financial liability) from the Statement of Financial Position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expired 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.

## 2.10 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 that have not been 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.

## 2.11 Functional Currency

The financial statements are prepared in South African Rand ("R") which is also the functional currency of the PMTE. Values are rounded to the nearest thousand ("R'000") unless otherwise indicated.

## 2.12 Leases

The PMTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

### 2.12.1 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 were 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 recognises finance lease receivables resulting from finance leases as assets on the Statement of Financial Position. Such assets are presented as a receivable at an amount equal to the net investment in the lease. Interest revenue is recognised based on a pattern reflecting a constant periodic rate of return on the PMTE's net investment in the finance lease. The PMTE recognised month-to-month leases as revenue from exchange transactions as and when the revenue is due.

### 2.12.2 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 were re-negotiated. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

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 enters into these finance leasehold agreements on behalf of its client departments and therefore the assumption is made that all finance lease costs incurred are fully recoverable from the client departments, unless there is a specific indication that a lease is paid without recovering the amount from the client department. The PMTE will in its role as finance lease lessor, derecognise this previously recognised leasehold asset (property, plant and equipment) and recognise a finance lease receivable against the respective client department.

The PMTE recognises finance lease liabilities resulting from finance leases as a liability on 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.

The asset and the liability in the Statement of Financial Position are initially recognised at amounts equal to the fair value of the leased property or if lower, the present value of the minimum lease payments. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. The PMTE recognises month-to-month leases as an operating expense as and when the expense is incurred.

## 2.13 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.

### **2.15 Offsetting**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

### **2.16 Receivables from exchange transactions**

Receivables from exchange transactions are classified as financial assets except for prepayments and advances. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received.

### **2.17 Receivables from non-exchange transactions**

Receivables from non-exchange transactions are recognised when the PMTE receives non-exchange revenue in accordance with an agreement (financial assets) or through legislation (statutory receivables). Refer to note 2.9 and 2.10 respectively.

### **2.18 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 30.

### **2.19 Contingent assets and liabilities**

Contingent assets are disclosed where the PMTE has a possible 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 and municipal rates are based on management's calculations of the possible inflows/outflows expected but are subject to consultation with respective third parties to determine the amount to be settled.

## 2.20 Employee benefits

### 2.20.1 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 or intangible asset item.

A related receivable and revenue from non-exchange transactions is recognised as the PMTE settles the liability, if the PMTE can recover the expenditure from the NDPW.

### 2.20.2 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 future compensated absences.

The expected cost of accumulating compensated absences 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.

### 2.20.3 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.

### 2.20.4 Retirement and medical benefits

Payments to the defined contribution plan are charged to the employee costs in surplus or deficit in the same year as the related services is provided. Once the contributions are paid, the PMTE has no further payment obligations.

## 2.21 Provisions

Provisions are liabilities, excluding accruals and other payables, that are recognised where the PMTE has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounted to present value where the time value of money is expected to be material. The likelihood of provisions are assessed annually and any differences are recognised through the Statement of Financial Performance.

Provisions where the timing of the outflow is uncertain is classified under current liabilities.

## 2.22 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### Revenue from exchange transactions

Revenue earned from accommodation charges is classified as lease revenue (refer to 2.12.1 for further details on recognition and measurement of lease revenue). Accommodation charges are measured based on:

- the cost of leasing in (in the case of privately owned buildings);
- the budget devolution as agreed upon with the client departments (in the case of state owned 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:

- Freehold inter-governmental, which refers to lease revenue from state owned assets leased to client departments.
- Freehold private, which refers to lease revenue from state owned assets leased to the private sector and individuals.
- 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.

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 2.8 for further details.

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.

Interest revenue is recognised using the effective interest method.

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.

### **Revenue from non-exchange transactions**

The PMTE recognises the inflow of resources from a non-exchange transaction as revenue when it controls the asset, except in cases when a liability is recognised in respect of that inflow (except for equity transactions). These liabilities are classified as payables from non-exchange transactions until the conditions relating to the liability has been satisfied. Revenue from non-exchange transactions is measured initially at fair value.

Transfer payments received from the NDPW in order to fund operations and manage properties under the custodianship of NDPW, is 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.

### **2.23 Budget information**

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 NDPW. The PMTE budget is part of the overall NDPW vote.

### **2.24 Related parties**

Parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party or jointly controls the other party. Specific information with regard to related party transactions is included in note 25. Movable assets that have not been transferred specifically to the PMTE are not recognised by the PMTE but are recorded by the NDPW.

### **2.25 Reserves**

The PMTE's reserves are made up of accumulated surplus.

Accumulated surplus are mainly built up to ensure adequate rehabilitation and maintenance of state owned infrastructure and future infrastructure development.

### 2.26 Commitments

The current year's estimates are based on unrecognised capital expenditure which has been approved and either contracted for or an order has been issued to the supplier.

### 2.27 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 23 to 24. When the amount is subsequently recoverable, it is recognised as revenue in surplus or deficit. 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.

### 2.28 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3. Receivables from exchange transactions

	2015 R '000	2014 Restated R '000
<b>Financial assets</b>		
Accommodation debtors - leasehold inter-governmental	242 774	185 722
Accommodation debtors - freehold inter-governmental	246 454	211 244
Accommodation debtors - freehold private	6 289	10 988
Debt account	10 541	29 837
Municipal services	379 895	174 061
Revenue accrual	631 574	613 852
Municipal deposits	12 652	11 991
Other debtors	8	8
	<b>1 530 187</b>	<b>1 237 703</b>
<b>Non-financial assets</b>		
Prepaid expenses	626 465	469 871
	<b>626 465</b>	<b>469 871</b>
	<b>2 156 652</b>	<b>1 707 574</b>

The applicable discount rate, for outstanding receivables, for the period is 9.25% (2014: 9.0%).

The Revenue accruals relates to services rendered to our clients but not invoiced yet as the payment to the supplier is still outstanding.

The amounts for 2014 have been restated. For further details, refer to note 30.

### Receivables past due date but not impaired

There were no receivables past due that were not impaired. The impairment loss incurred during the period for receivables from exchange transactions was R99 million (2014: R233 million).

### 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 individually significant receivables that were determined to be impaired, as a percentage, of the gross receivable balance per class of receivable.

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Accommodation debtor - leasehold inter-governmental	38	39
Accommodation debtor - freehold inter-governmental	88	76
Municipal services	50	65

## 4. Receivables from non-exchange transactions

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
National Department of Public Works (services in-kind)*	187 183	98 814
Accommodation debtor - freehold prestige #	284	97
	<b>187 467</b>	<b>98 911</b>

\* This receivable relates to the outstanding employee benefits payable by the NDPW on behalf of the PMTE (refer to note 13).

# With the transfer of functions, effective 1 April 2013, the PMTE received properties which are leased to prestige officials. 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 market rental.

The PMTE incurs the expenses for maintenance and property rates for these properties.

The amounts for 2014 have been restated. For further details, refer to note 30.

Receivables from non-exchange transactions past due but not impaired

There were no receivables past due that were not impaired. The impairment loss incurred during the period for receivables from non-exchange transactions relating to prestige debtors was R1 million (2014: R 2 million).

## 5. Operating lease assets / liabilities

	Note	2015 R '000	2014 Restated R '000
<b>5.1 Operating lease asset</b>			
<b>Total operating lease asset - PMTE as lessor</b>			
Leasehold inter-governmental	5.1.1	916 539	868 628
Freehold private	5.1.2	56 472	59 605
		<b>973 011</b>	<b>928 233</b>
<b>Total minimum lease receipts - PMTE as lessor</b>			
Within one year		3 034 221	2 098 156
In second to fifth year inclusive		5 190 199	5 161 589
Later than five years		709 809	1 279 643
		<b>8 934 229</b>	<b>8 539 388</b>

The amounts for 2014 have been restated. For further details, refer to note 30.

*5.1.1 Operating lease asset - leasehold inter-governmental***Operating lease asset - leasehold inter-governmental****Minimum lease receipts**

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Operating lease asset - leasehold inter-governmental	<b>916 539</b>	<b>868 628</b>
<b>Minimum lease receipts</b>		
Within one year	3 014 122	2 071 558
In second to fifth year inclusive	5 115 337	5 088 112
Later than five years	614 323	1 167 564
	<b>8 743 782</b>	<b>8 327 234</b>

Based on the nature of leases that are running on a month-to-month and open-ended basis, the related leasehold commitment, as at 31 March, is based on the contractually agreed upon notice period. The said amounts have been included in the "within one year" ageing bracket

The above 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 (see note 5.2).

As a result of the month-to-month and open-ended leasehold commitments included in note 5.2, the equal and opposite amount is included in the PMTE leases above.

*5.1.2 Operating leases freehold private***Operating lease asset - freehold private****Minimum lease receipts**

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Operating lease asset - freehold private	<b>56 472</b>	<b>59 605</b>
<b>Minimum lease receipts</b>		
Within one year	20 099	26 598
In second to fifth year inclusive	74 862	73 477
Later than five years	95 486	112 079
	<b>190 447</b>	<b>212 154</b>

The disclosure of the minimum lease payments above relates to state owned properties that are leased out to private parties (accommodation debtor - freehold private).

As a result of the transfer of functions, the operating lease asset was recognised from 1 April 2013. In accordance with the transitional provisions per Directive 2 of the GRAP Reporting Framework, as disclosed in note 33, the operating lease asset from freehold properties, with a carrying value of R 60 million was recognised at provisional amounts as at 1 April 2013.

## 5.2 Operating lease liabilities

### Operating lease liabilities - leasehold inter-governmental

#### Total minimum lease payments - PMTE as lessee

	2015 R '000	2014 Restated R '000
Within one year	3 014 122	2 071 558
In second to fifth year inclusive	5 115 337	5 088 112
Later than five years	614 323	1 167 564
	<b>8 743 782</b>	<b>8 327 234</b>

The PMTE has 2588 active leases (2014: 2650) included in the current private leasing portfolio. The leasehold commitments reflected above have been determined based on the terms and conditions of the relevant lease agreements. However, based on the nature of leases that are running on a month-to-month and open-ended basis, the related leasehold commitment, as at 31 March, 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.

The amounts for 2014 have been restated. For further details, refer to note 30

## 6. Cash and cash equivalents

### Cash and cash equivalents consist of:

	2015 R '000	2014 Restated R '000
Cash on hand	329	-
Bank balances *	5 868	353
Bank overdraft #	(667 586)	(433 108)
	<b>(661 389)</b>	<b>(432 755)</b>
Current assets	6 197	353
Current liabilities	(667 586)	(433 108)
	<b>(661 389)</b>	<b>(432 755)</b>

\* The interest rate is variable. The average effective interest rate on short term bank deposit is 4.17% (2014: 3.6%).

# The bank overdraft carries no interest.

## 7. Property, plant and equipment

	2015			2014		
	Cost	Accumulat- ed depre- ciation and accumulated impairment	Carrying value	Cost	Accumulat- ed depre- ciation and accumulated impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Immovable properties	7 318 207	(84 994)	7 233 213	7 215 834	(36 668)	7 179 166
Dual purpose heritage assets	1	-	1	1	-	1
Assets under construction	4 396 267	-	4 396 267	1 198 640	-	1 198 640
Furniture and office equipment	65 167	(5 395)	59 772	19 428	(1 262)	18 166
Computer equipment	189 733	(12 170)	177 563	11 647	(1 946)	9 701
Other machinery and equipment	44 979	(5 715)	39 264	10 262	(930)	9 332
<b>Total</b>	<b>12 014 354</b>	<b>(108 274)</b>	<b>11 906 080</b>	<b>8 455 812</b>	<b>(40 806)</b>	<b>8 415 006</b>

### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Additions through transfer of functions	Disposals	Comple- ted projects	Deprecia- tion	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Immovable properties	7 179 166	35 769	-	-	66 603	(48 325)	7 233 213
Dual purpose heritage assets	1	-	-	-	-	-	1
Assets under construction	1 198 640	3 264 230	-	-	(66 603)	-	4 396 267
Furniture and office equipment	18 166	5 974	39 804	(34)	-	(4 138)	59 772
Computer equipment	9 701	152 396	25 833	(42)	-	(10 325)	177 563
Other machinery and equipment	9 332	18 399	16 360	(31)	-	(4 796)	39 264
	<b>8 415 006</b>	<b>3 476 768</b>	<b>81 997</b>	<b>(107)</b>	<b>-</b>	<b>(67 584)</b>	<b>11 906 080</b>

**Reconciliation of property, plant and equipment - 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Additions through transfer of functions</b>	<b>Disposals</b>	<b>Comple- ed projects</b>	<b>Deprecia- tion</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>	<b>R'000</b>
Immovable properties	-	44766	5 647 976	(5 900)	1 528 992	(36 668)	7 179 166
Dual purpose heritage assets	-	-	1	-	-	-	1
Assets under construction	-	2 871 881	1	(142 388)	(1 530 854)	-	1 198 640
Furniture and office equipment	-	1 173	18 255	-	-	(1 262)	18 166
Computer equipment	-	2 396	9 251	-	-	(1 946)	9 701
Other machinery and equipment	-	1 953	8 309	-	-	(930)	9 332
	<b>-</b>	<b>2 922 169</b>	<b>5 683 793</b>	<b>(148 288)</b>	<b>(1 862)</b>	<b>(40 806)</b>	<b>8 415 006</b>

**Pledged as security**

There are currently no property, plant and equipment pledged as securities for liabilities.

**Restrictions on property, plant and equipment assets**

The PMTE is not allowed to dispose of or transfer assets under its custodianship unless approved by the Minister of Public Works.

**Transitional provisions**

Property, plant and equipment recognised at provisional amounts.

In accordance with the transitional provisions as per Directive 2 of the GRAP Reporting Framework, as disclosed in note 33, certain property, plant and equipment with a carrying value of R 11 906 million (2014: R8 415 million) was recognised at provisional amounts.

The property, plant and equipment transferred from the NDPW are before any adjustments. These values are at provisional amounts. The steps, methods and progress relating to verifying property, plant and equipment is disclosed in note 33.

**Due to transfer of functions and initial adoption of GRAP 17**

Due to the transfer of functions and initial adoption of GRAP 17 - effective 1 April 2013	Opening provisional amount	GRAP adjustments	GRAP adjustments	Closing provisional amount
	1 April 2013	31 March 2014	31 March 2015	
	R'000	R'000	R'000	R'000
Immovable properties	3 519 435	5 900	2 122 641	5 647 976
Dual purpose heritage assets	1	-	-	1
Assets under construction	1	-	-	1
Furniture and office equipment	-	-	18 255	18 255
Computer equipment	-	-	9 251	9 251
Other machinery and equipment	-	-	8 309	8 309
	<b>3 519 437</b>	<b>5 900</b>	<b>2 158 456</b>	<b>5 683 793</b>

**Due to the transfer of functions and initial adoption of GRAP 17 - effective 1 April 2014**

	GRAP adjustments	GRAP adjustments	Closing provisional amount
	31 March 2014	31 March 2015	
	R'000	R'000	R'000
Furniture and office equipment	1	39 803	39 804
Computer equipment	1	25 832	25 833
Other machinery and equipment	1	16 359	16 360
	<b>3</b>	<b>81 994</b>	<b>81 997</b>

The date at which full compliance with GRAP 17 is expected, is 31 March 2016 for the transfer of functions effective 1 April 2014<sup>3</sup> and 31 March 2017 for the transfer of function effective 1 April 2014.

The amounts for 2014 have been restated. Refer to note 30 for further details.

**Further details**

Immovable properties consist of sub-classes with the following carrying values:

	2015	2014
	R'000	Restated R'000
Non-residential properties	5 859 024	5 805 304
Residential properties	1 373 184	1 373 628
Infrastructure	1 005	234
	<b>7 233 213</b>	<b>7 179 166</b>

## 8. Investment property

	2015			2014		
	Cost	Accumulat- ed depre- ciation and accumulated impairment	Carrying value	Cost	Accumulat- ed depre- ciation and accumulated impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Investment properties	66 502 647	-	66 502 647	66 506 512	-	66 506 512

### Reconciliation of investment property - 2015

	Opening balance	Additions through transfer of functions	Disposals	Net transfers (to)/from other state custodians	Total
	R'000	R'000	R'000	R'000	R'000
Vacant land	66 506 319	-	-	(3 865)	66 502 454
Immovable properties	193	-	-	-	193
	<b>66 506 512</b>	<b>-</b>	<b>-</b>	<b>(3 865)</b>	<b>66 502 647</b>

### Reconciliation of investment property - 2014

	Opening balance	Additions	Additions through transfer of functions	Disposals	Net transfers (to)/from other state custodians	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Vacant land	-	409	66 505 942	(32)	-	66 506 319
Immovable properties	-	-	193	-	-	193
	<b>-</b>	<b>409</b>	<b>66 506 135</b>	<b>(32)</b>	<b>-</b>	<b>66 506 512</b>

### Restrictions on investment properties

The PMTE is not allowed to dispose of or transfer investment properties under its custodianship, unless approved by the Minister of Public Works.

### Transitional provisions

Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 2 of the GRAP Reporting Framework, and as disclosed in note 33, certain investment property with a carrying value of R 66 503 million (2014: R66 507 million) was recognised at provisional amounts.

The investment properties values are at provisional amounts. The steps, methods and progress relating to verifying investment properties is similar to property, plant and equipment and is disclosed in note 33.

**Due to the transfer of functions and initial adoption of GRAP 17 - effective 1 April 2013**

	<b>Opening provisional amount 1 April 2013</b>	<b>GRAP adjustments 31 March 2014</b>	<b>GRAP adjustments 31 March 2015</b>	<b>Closing provisional amount</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Vacant land	48 987	3 898 647	62 558 308	66 505 942
Immovable properties	1	-	192	193
	<b>48 988</b>	<b>3 898 647</b>	<b>62 558 500</b>	<b>66 506 135</b>

The date which full compliance with GRAP 16 is expected, is 31 March 2016. The amounts for 2014 have been restated. Refer to note 30 for further details.

## 9. Heritage assets

	2015			2014		
	Cost	Accumulat- ed impair- ment losses	Carrying value	Cost	Accumulat- ed impair- ment losses	Carrying value
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Historical monuments	1	-	1	1	-	1
Conservation areas	1	-	1	2 122	-	2 122
Historical buildings	3 312	-	3 312	1	-	1
Cemetries	1	-	1	1	-	1
<b>Total</b>	<b>3 315</b>	<b>-</b>	<b>3 315</b>	<b>2 125</b>	<b>-</b>	<b>2 125</b>

**Reconciliation of investment property - 2015**

	Opening balance	Additions	Additions through transfer of functions	Completed projects	Total
	R'000	R'000	R'000	R'000	R'000
Historical monuments		-	-	-	
Conservation areas		-	-	-	3 312
Historical buildings	2 122	1 190	-	-	
Cemetries		-	-	-	
	<b>2 125</b>	<b>1 190</b>	<b>-</b>	<b>-</b>	<b>3 315</b>

**Reconciliation of investment property - 2014**

	Opening balance	Additions	Additions through transfer of functions	Completed projects	Total
	R'000	R'000	R'000	R'000	R'000
Historical monuments	-	-		-	
Conservation areas	-	-		-	
Historical buildings	-	-	262	1 860	2 122
Cemetries	-	-		-	
	<b>-</b>	<b>-</b>	<b>265</b>	<b>1 860</b>	<b>2 125</b>

**Restrictions on heritage assets**

The PMTE is not allowed to dispose of or transfer heritage assets under its custodianship unless approved by the Minister of Public Works.

**Transitional provisions**

Heritage assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 2 of the GRAP Reporting Framework, as disclosed in note 33, certain heritage asset with a carrying value of R 3million (2014: R2 million) was recognised at provisional amounts.

Heritage assets disclosed above are at provisional amounts. The steps, methods and progress relating to verifying heritage assets is similar to property, plant and equipment and is disclosed in note 33.

**Due to transfer of functions and initial adoption of GRAP 103 - effective 1 April 2013**

	<b>Original provisional amount 1 April 2013</b>	<b>GRAP adjustments 31 March 2014</b>	<b>GRAP adjustments 31 March 2015</b>	<b>Closing provisional amount</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Historical monuments	1	-	261	262
Conservation areas	1	-	-	1
Historical buildings	1	-	-	1
Cemeteries	1	-	-	1
	<b>4</b>	<b>-</b>	<b>261</b>	<b>265</b>

The date at which full compliance with GRAP 103 is expected, is 31 March 2016. The amounts for 2014 have been restated. Refer to note 30 for further details.

**10. Intangible assets**

	<b>2015</b>			<b>2014</b>		
	<b>Cost</b>	<b>Accumulat- ed amorti- sation and accumulated impairment</b>	<b>Carrying value</b>	<b>Cost</b>	<b>Accumulat- ed amorti- sation and accumulated impairment</b>	<b>Carrying value</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>
Computer software	15 270	(3 235)	12 035	48 362	(15 458)	32 904

**Reconciliation of investment property - 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Additions through transfer of functions</b>	<b>Disposals</b>	<b>Amortisa- tion</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>
Computer software	32 904	7 487	6 193	(19 661)	(14 888)	12 035

**Reconciliation of investment property - 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Additions through transfer of functions</b>	<b>Disposals</b>	<b>Amortisa- tion</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>
Computer software	-	7 976	40 386	-	(15 458)	32 904

**Transitional provisions**

**Intangible assets recognised at provisional amounts**

In accordance with the transitional provisions as per Directive 2 of the GRAP Reporting Framework, as disclosed in note 33, certain intangible assets with a carrying value of R 12 million (2014: R33 million) was recognised at provisional amounts.

**Due to transfer of functions and initial adoption of GRAP 103 - effective 1 April 2013**

<b>Original provisional amount 1 April 2013</b>	<b>GRAP adjustments 31 March 2014</b>	<b>GRAP adjustments 31 March 2015</b>	<b>Closing provisional amount</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Computer software	1	-	40 385
			40 386

**Due to transfer of functions and initial adoption of GRAP 103 - effective 1 April 2014**

<b>GRAP adjustments 31 March 2014</b>	<b>GRAP adjustments 31 March 2015</b>	<b>Closing provisional amount</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Computer software	1	6 192
		6 193

The date at which full compliance with GRAP 102 is expected, is 31 March 2016 for the transfer of functions effective 1 April 2013 and 31 March 2017 for the transfer of functions effective 1 April 2014.

The amounts for 2014 have been restated. Refer to note 30 for further details.

## II. Payables from exchange transactions

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
<b>Financial liabilities</b>		
Accrued expenses - Assets	285 223	185 262
Accrued expenses - Cleaning and gardening	15 058	18 553
Accrued expenses - Leases	341 148	300 654
Accrued expenses - Maintenance	291 089	157 535
Accrued expenses - Municipal Services	299 824	337 860
Accrued expenses - Other accruals	7 002	414
Accrued expenses - Property rates	155 701	115 441
Accrued expenses - Scheduled maintenance	90 649	168 864
Accrued expenses - Security	2 893	4 154
Accrued expenses - Service in-kind	37 842	16 601
<b>Total accrued expenses</b>	<b>1 526 429</b>	<b>1 305 338</b>
Deferred revenue	3 954 026	1 516 912
Trade payables	67	178
Contract guarantees	90	90
Unallocated deposits	50 437	-
Deposits received	2	-
	<b>5 531 051</b>	<b>2 822 518</b>
<b>Non-financial liabilities</b>		
Income received in advance	51 809	112 050
Over claimed lease revenue	527 266	435 853
	<b>6 110 126</b>	<b>3 370 421</b>

The amounts for 2014 has been restated. For further details, refer to note 30.

## 12. Retention liabilities

	2015	2014
	R '000	Restated R '000
<b>Retention liabilities</b>		
Non-current liabilities	34 717	13 578
Current liabilities	222 637	225 708
	<b>257 354</b>	<b>239 286</b>

## 13. Employee benefit obligations

	2015	2014
	R '000	Restated R '000
<b>Provision for performance bonus</b>		
Opening balance	9 535	218
Obligation due to the transfer of functions - effective 1 April 2013 *	-	8 888
Obligation due to the transfer of functions - effective 1 April 2014 #	5 790	-
Service cost recognised in financial performance	2 819	429
	<b>18 144</b>	<b>9 535</b>
<b>Provision for leave</b>		
Opening balance	55 815	1 136
Obligation due to the transfer of functions - effective 1 April 2013 *	-	58 892
Obligation due to the transfer of functions - effective 1 April 2014 #	45 521	-
Service cost recognised in financial performance	17 490	(4 213)
	<b>118 826</b>	<b>55 815</b>
<b>Provision for service bonus</b>		
Opening balance	16 863	376
Obligation due to the transfer of functions - effective 1 April 2013 *	-	16 445
Obligation due to the transfer of functions - effective 1 April 2014 #	15 510	-
Service cost recognised in financial performance	1 240	42
	<b>33 613</b>	<b>16 863</b>
<b>Total employee benefit obligations</b>	<b>170 582</b>	<b>82 213</b>

\* As a result of the transfer of functions, additional employment benefit obligations were recognised on the 1 April 2013.

In accordance with the transitional provisions, per Directive 2 of the GRAP Reporting Framework, as disclosed in note 33, the employee benefit obligations with a value of R 84 million was recognised at provisional amounts as at 1 April 2013.

- # As a result of the transfer of functions, additional employment benefit obligations were recognised on the 1 April 2014. In accordance with the transitional provisions, per Directive 2 of the GRAP Reporting Framework, as disclosed in note 33, the employee benefit obligations with a value of R 67 million was recognised at provisional amounts as at 1 April 2014.

## 14. Provisions

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
	R'000	R'000	R'000	R'000	R'000
Legal proceedings	37 615	15 784	(1 051)	(28 545)	23 803

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.

In the prior period, management raised a provision for under payments to landlords for leases identified where the amounts in the lease agreements exceeds the payments made to the landlord. A provision for over recovery of lease expense was raised for leases identified where the amounts claimed from the client department exceeds the rental in the lease agreements. Management reassessed the uncertainty regarding the provision and reclassified this obligation as an accrual for lease expenses (see note 11). For further details, refer to note 30.

## 15. Finance lease obligation

	2015	2014
	R '000	Restated R '000
<b>Minimum lease payments due</b>		
- within one year	2 479	-
- in second to fifth year inclusive	1 390	-
- later than five years	-	-
less: future finance charges	-	-
<b>Present value of minimum lease payments</b>	<b>3 869</b>	<b>-</b>

**Present value of minimum lease payments due**

- within one year
- in second to fifth year inclusive

Non-current liabilities

Current liabilities

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
- within one year	2 925	-
- in second to fifth year inclusive	944	-
	<b>3 869</b>	<b>-</b>
Non-current liabilities	943	-
Current liabilities	2 925	-
	<b>3 868</b>	<b>-</b>

The amounts for 2014 have been restated. For further details, refer to note 30.

The finance lease liability relates to machinery and equipment, whereby DPW takes ownership of the asset upon completion of the contract, these contracts are typically 36 months. These have been transferred to the PMTE as a result of transfer of functions

The Department has entered in lease agreements for cellphones and 3G cards for a period of 24 months. As at end of reporting period, the execution of the contract was only effected after year end.

All the contracts have no cost escalation clause.

**16. Revenue from exchange transactions**

Accommodation charges - leasehold inter-governmental

Accommodation charges - freehold inter-governmental

Accommodation charges - freehold private

Management fees on municipal services

Interest revenue\*

Recoveries

Gain on sale of asset

Other revenue

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Accommodation charges - leasehold inter-governmental	3 874 050	3 403 466
Accommodation charges - freehold inter-governmental	3 590 063	4 598 515
Accommodation charges - freehold private	28 613	30 730
Management fees on municipal services	173 830	164 855
Interest revenue*	5 435	6 219
Recoveries	4 214	25 603
Gain on sale of asset	-	35
Other revenue	511	196
	<b>7 676 716</b>	<b>8 229 619</b>

**\* Interest revenue consists of:**

Interest from receivables  
Interest on bank balances

<b>2015</b>	<b>2014</b>
<b>R '000</b>	<b>Restated R '000</b>
5 413	6 208
22	11
<b>5 435</b>	<b>6 219</b>

The amounts for 2014 have been restated. For further details, refer to note 30.

**17. Revenue from non-exchange transactions**

Augmentation  
Contractor fines  
Services in-kind  
Accommodation charges - freehold prestige  
Donations received

<b>2015</b>	<b>2014</b>
<b>R '000</b>	<b>Restated R '000</b>
673 372	682 426
3 060	5 485
2 042 700	747 273
1 778	1 715
110	-
<b>2 721 020</b>	<b>1 436 899</b>

**18. Operating expenses**

Administrative expenses  
Advertising and communication  
Amortisation on intangible assets  
Bad debts written off  
Bank charges  
Cleaning and gardening  
Computer software related expenses  
Consulting fees  
Consumables  
Depreciation on property, plant and equipment  
Goods and services

<b>2015</b>	<b>2014</b>
<b>R '000</b>	<b>Restated R '000</b>
43 748	2 551
23 844	3 245
14 888	15 458
141	-
165	132
182 541	172 499
13 848	3 548
44 658	50 406
19 847	12 695
67 582	40 806
45 509	13 850

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Impairment on receivables	100 349	279 815
Loss on disposal of property, plant and equipment	107	-
Loss on transfer of intangible assets	19 661	-
Loss on transfer of investment property	3 865	-
Losses incurred	85 357	26 879
Municipal services expenses	272 784	23 986
Operating leases	3 923 763	3 469 811
Other contractors	73 151	239
Property maintenance	2 390 455	2 536 662
Property rates	835 257	850 352
Security	51 570	44 384
Travel and subsistence	45 153	19 676
Under claim of lease expenses	15 616	87 300
	<b>8 273 859</b>	<b>7 654 294</b>

The amounts for 2014 have been restated. For further details, refer to note 30.

## 19. Interest expense

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Interest on finance leases	502	-
Interest on overdue accounts	136	1 458
	<b>638</b>	<b>1 458</b>

The amounts for 2014 have been restated. Refer to note 30 for further details.

## 20. Employee related costs

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Basic salary and non-pensionable salary	936 663	466 728
Pensionable bonus	17 548	9 059
Medical aid contributions	59 982	38 778
Leave payout	17 687	(4 298)
Pension fund contributions	104 802	53 607
Overtime	18 449	3 478
Service bonus	64 812	31 996
Housing allowances	48 162	29 578
Bargaining council	300	182
	<b>1 268 405</b>	<b>629 108</b>

The following employee benefit contributions have been incurred and expensed and are included in the costs above:

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Government Employees Pension Fund	104 802	53 607
Medical aid contributions	59 982	38 778
<b>Total defined contributions</b>	<b>164 784</b>	<b>92 385</b>

## 21. Cash generated from operations

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Surplus as per the Statement of Financial Performance	854 834	1 381 658
<b>Adjustments for:</b>		
Depreciation and amortisation	82 470	56 264
Gain on sale of assets	107	(35)
Loss on transfer of intangible assets	19 661	-
Loss on transfer of investment properties	3 865	-
Employee costs	1 267 054	627 588
Interest revenue	(5 435)	(7 912)
Interest expense	592	1 870

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Service in-kind expenditure	733 488	105 718
Service in-kind revenue	(2 000 618)	(728 052)
Accommodation charges - freehold inter-governmental	(33 602)	1 410 482
Bad debts written off	141	-
Under claim of lease expenses	15 979	86 356
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(449 079)	733 223
Receivables from non-exchange transactions	(88 556)	(98 703)
Operating lease asset	(44 778)	(482 193)
Operating lease liability	47 911	420 782
Employee benefit obligation	88 369	80 483
Payables from exchange transactions	2 740 117	2 083 925
Construction working-in-progress	-	(349 275)
Retention liabilities	(3 071)	(54 596)
Provisions	(13 812)	(1 698 525)
Finance lease obligation	2 925	-
	<b>3 218 562</b>	<b>3 569 058</b>

## 22. Contingencies

### 22.1 Contingent liabilities

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
<b>Municipal property rates</b>	-	-

The PMTE is in the process of verifying properties for which it may be liable to pay property rates. Property rates are currently not being paid on approximately 21 360 land parcels out of a total of 33 906 relating to state properties under the custodianship of the Minister of Public Works. The rates are levied by municipalities subject to regulations in terms of applicable legislation.

All rateable properties in a municipality must be valued during a general valuation by the municipalities and included in the valuation roll in terms of section 30 of the Municipal Property Rates Act, No 6 of 2014. At this stage, the amount of possible obligations relating to outstanding property rates cannot be determined pending finalisation of valuations rolls by municipalities and the linking thereof to the PMTE asset register

**Municipal property rates (backlog)**

2015	2014
R '000	Restated R '000
9 680	166 908

Claims relating to municipal property rates were received from municipalities across all regions in which the PMTE operates. The invoices supporting these claims required extensive investigations to ensure that the PMTE only settles valid claims. A significant number of these invoices have been verified with the relevant municipalities. These invoices, to the value of R 99 million, have either been paid or included in accrued expenses of the PMTE. The above value still requires assessment by the PMTE to conclude on their validity and whether the PMTE does have an obligation to settle.

**Claims against the PMTE**

2015	2014
R '000	Restated R '000
117 920	108 110

The claims against the PMTE arose from property and maintenance disputes/activities with different third party service providers or tenderers. The entity's legal advisors are handling the claims on behalf of the PMTE. They have assessed the probability of each claim in determining the total amount of the legal contingent liability, and have determined that the outflow of economic benefits is possible as at the reporting date.

**Total contingent liabilities**

2015	2014
R '000	Restated R '000
127 600	275 018

**22.2 Contingent assets****Claims by the PMTE**

2015	2014
R '000	Restated R '000
2 657	12 334

The claims by the PMTE arose from various activities with service providers and are being handled by the entity's legal advisors. They have assessed the probability of each claim in determining the total amount of the legal contingent asset, and have determined that the inflow of economic benefits is possible as at the reporting date. During the current year, due to changes in certain cases, the legal advisors reassessed the probability of the inflows and a prudent approach was agreed upon and it was decided not to recognise a contingent asset, hence the reduction from the previous year.

**Retentions**

<b>2015</b>	<b>2014</b>
<b>R '000</b>	<b>Restated R '000</b>
<b>131 311</b>	<b>181 847</b>

Two contract types exist for the construction of properties by the contractors, namely General Conditions of Contract and Joint Building Contracts Committee. Each contract type includes a range of security clauses for the purpose of managing the risk of non-performance by the contractor. These security clauses stipulate that the PMTE is entitled to retain a specified portion of the payment on each invoice received. Management did not apply these security clauses accurately and as a result insufficient amounts were retained on each payment exposing the PMTE to the risk of non-performance by the contractors. Therefore based on the contract requirements the PMTE overpaid the contractors in substance.

Going forward the project managers have indicated that these overpayments will be rectified in the form of retaining larger amounts on future payments to, in substance, recover the previous overpayments. A calculation model has been operationally introduced within the PMTE. The use of this template will control and standardise the calculation of the amount to be retained on each invoice/ payment and will ensure that sufficient amounts are withheld to recover the overpayments.

Withholding an amount on each invoice/payment is an internal mechanism applied by the PMTE to manage risk. Therefore when an insufficient amount is retained on a specific invoice the contractor has no contractual obligation towards the PMTE to refund for the overpayment. In absence of objective evidence that the PMTE will be able to recover these funds from the contractors, the PMTE cannot conclude that future economic benefits will be probable and a contingent asset is disclosed.

**Under recovery of accommodation charges - leasehold inter-governmental**

<b>2015</b>	<b>2014</b>
<b>R '000</b>	<b>Restated R '000</b>
<b>316 270</b>	<b>300 654</b>

Leases were identified where the PMTE did not recover all payments in accordance with sub-leases from client departments. However, as the probability of future benefits cannot be confirmed with sufficient accuracy, the PMTE only discloses a contingent asset relating to the amount due.

**Potential state properties**

<b>2015</b>	<b>2014</b>
<b>R '000</b>	<b>Restated R '000</b>
<b>-</b>	<b>-</b>

The annual Deeds reconciliation process has revealed that there are approximately 600 land parcels which may fall under the custodianship of the PMTE once sufficient information is available to confirm such custodianship. These land parcels will be accounted for once GRAP recognition criteria are met.

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
<b>Total contingent assets</b>	<b>450 238</b>	<b>494 835</b>

## 23. Fruitless and wasteful expenditure

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>

### 23.1. Reconciliation of fruitless and wasteful expenditure

Opening balance	335 177	328 469
Prior period error	-	(11 051)
Incurred during the year	239	17 759
Relating to prior years	-	24 985
Less: Amounts Resolved	(73 955)	-
Less: Amounts transferred to Receivables for recovery	-	(24 985)
	<b>261 461</b>	<b>335 177</b>

The investigations on fruitless and wasteful expenditure are ongoing. In instances where investigations have been concluded and officials have been found liable, appropriate disciplinary steps have been instituted against them as well as civil claims for recovery of amounts from service providers.

#### Explanation regarding prior period error

Transactions were reported as fruitless and wasteful expenditure, to the value of R11 million in the prior financial period, were for leases without proof of VAT registration. Subsequent validation took place for these transactions and were found not to be fruitless and wasteful expenditure.

Prior year fruitless and wasteful expenditure for 13/14 financial year has been restated from R16 million to R18 million to take into account accrual expenditure relating to prior year.

A net amount of R66 million relates to overpayments of leases in the 2011/12 financial year. Of this amount, R41 million relates to payments to landlords who are still doing business with the Entity. Recoverability of this amount will be further pursued. The remaining R25 million relates to the landlords that are no longer doing business with the Entity. The prospect of recovery of this amount is remote. A debt of R25 million was raised against the landlords whom the overpayments were made and the prospect of recovery is slim. The amount of R25 million was subsequently impaired in line with the debt policy of the entity.

**23.2. Details of fruitless and wasteful expenditure - current year**

	<b>2015</b>
	<b>R '000</b>
Rental on vacant buildings	103
Interest paid on overdue account	136
	<b>239</b>

Further investigations will be conducted by management to determine liability and possible recovery. Appropriate actions will be taken against service providers and officials found to have colluded.

**24. Irregular expenditure****24.1. Reconciliation of irregular expenditure**

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
Opening balance	34 417 205	3 848 600
Incurred during the current year	1 233 549	6 214 055
Incurred during prior years detected in current year	-	24 583 946
Less amounts condoned relating to prior years transactions	(3 175 554)	(229 396)
Less amounts condoned relating to current year transactions	(45 125)	-
Less: Amounts not recoverable (not condoned)	(444 899)	-
	<b>31 985 176</b>	<b>34 417 205</b>

The investigations on irregular expenditure are ongoing. In instances where investigations have been concluded and officials have been found liable, appropriate disciplinary steps have been instituted against them as well as civil claims for recovery of amounts from service providers where applicable.

In the previous financial years, the system of the Entity for identifying and recognising all irregular expenditure was found to be inadequate. Furthermore, the irregular expenditure amount of the entity was based on actual payments and not those recorded when a transaction, condition or event linked to the non-compliance was recognised as expenditure in the statement of financial performance in accordance with the SA Standards of GRAP.

During the 2013/14 financial year, the PMTE revisited all the procurement files and payments batches processed from 2009/10 financial year. Based on the process undertaken by the PMTE, it is considered to be impracticable and uneconomical to revisit the entire population again to identify any additional irregular expenditure. Management will investigate the reported transactions to determine if any official of the Entity is liable in law for the irregular expenditure incurred. Based on the recommendations of the investigation, management will take appropriate measures against those

found liable for the irregular expenditure.

Amounts not recoverable (not condoned) of R445 million relates to transactions incorrectly classified as irregular expenditure and categorised as "submission without tax clearance certificate" to the value of R198 million, R11 million for instances where the transactions could not be traced to any source system, R236 million for instances where SCM processes were deemed to not have been followed. Subsequent investigations during the year under review have revealed these to have been compliant.

During the audit process, an amount of R102 million was discovered as possible irregular expenditure. At the conclusion of the audit, the amount had not been validated as irregular expenditure. The validation will be completed in the new financial year and appropriate disclosures will be made in the new financial year. There is further limitation of scope for files amounting to R261 million which was identified during the audit and will be investigated by management in the new financial year.

#### 24.2 Details of irregular expenditure – current year

	<b>2015</b>
	<b>R '000</b>
Leases running on month-to-month	450 027
Correct procurement process not followed in prior years	700 728
Correct procurement process not followed in current year	27 607
Accrued expenditure on transactions emanating from inappropriate procurement processes	32 534
Appointment of consultants on Roster system in prior years	22 653
	<b>I 233 549</b>

An amount of R701 million incurred in current year relates to multi-year projects entered into in previous financial years for which payments were made in the current year.

An amount of R450 million incurred in current year relates to expenditure on leases which were not renewed in the current financial year and running on month-to-month basis, and leases renewed where procurement processes were not followed.

#### 24.3 Details of irregular expenditure condoned

		<b>2015</b>
		<b>R '000</b>
	<b>Condoned by</b>	
Roster appointments/consultants	Director General	3 214 302
Accruals	Director General	6 377
		<b>3 220 679</b>

Roster appointments relate to a database of professionals appointable as lead consultants on projects. This dispensation was not compliant with the National Treasury prescripts relating to quotation thresholds.

## 25. Related party transactions and outstanding balances

The PMTE is controlled through the NDPW at National Government level. Only parties within the national sphere of government and entities reporting to National Departments that are subject to common control, is considered 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 operates within the administration of the NDPW and as such all contracts are entered into in the name of the NDPW. 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.

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 16 (accommodation charges - leasehold inter-governmental and management fees on municipal services).

2015	2014
R '000	Restated R '000

### 25.1. National Department of Public Works

#### Revenue from exchange transactions

Accommodation charges - freehold inter-governmental	47 723	41 499
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#### Revenue from non-exchange transactions

Service in-kind	2 042 700	747 273
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Augmentation	673 372	682 426
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<b>2 716 072</b>	<b>1 429 699</b>
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#### Expenditure

Cleaning and gardening	*	52 800
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#### Receivables relating to the above

Service in-kind	187 183	90 018
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#### Payables relating to the above

Accrued expenses (cleaning and gardening)	*	5 019
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\* These items are only applicable during the 2013/14 financial periods as related party transactions. Due to the transfer of functions on 1 April 2014, these transactions are no longer recognised as a related party transaction. The expenses are incurred for our own account relating the transferred assets and not on behalf of the NDPW.

The related party payables above are unsecured and are expected to be settled within normal course of business.

The PMTE receives free services from the NDPW. The Department paid the following overhead costs for the day-to-day running of the PMTE:

- Employee costs
- Goods and services
- Interest and rent on land
- Transfers and subsidies
- Intangible assets
- Furniture, office equipment, computer equipment, other machinery and equipment.

Overhead costs that can be measured reliably and have been included in revenue from non-exchange transactions as services in-kind. These costs are not recovered by the NDPW. During the current financial period, the PMTE will recognise the movable and immovable assets related to the transfer of functions, effective 1 April 2013 and 1 April 2014. More detail of the transfer of functions is disclosed in note 33.

As the budget still resides with the NDPW, the NDPW pays for certain municipal services and capital expenditure on vacant properties which are not occupied by the NDPW but are managed by the PMTE. These charges, paid by the NDPW on behalf of the PMTE are related party transactions. During the prior financial period, the total municipal service expense, paid by the NDPW, for vacant properties amounts to R 10.3 million. In the current financial period, all municipal services paid by NDPW relate to properties managed by PMTE. The total municipal services expenses paid by NDPW for properties amounts to R 270 million. The total capital expenditure, paid by the NDPW, amounting to R 315 million (2014: R 561.1 million) was based on the devolution of funds from National Treasury.

Other overhead costs include the sharing of corporate services between the NDPW and the PMTE. Due to the nature of these transactions and the operational structures between the PMTE and the Department, the value of these shared costs cannot be reliably measured. These costs, paid by the Department on behalf of the PMTE and not recovered, include the following corporate shared services:

Effective for 2014/15 financial period	Effective for 2013/14 financial period
<ul style="list-style-type: none"> <li>• Supply Chain Management (SCM) for head office functions</li> <li>• Internal Audit</li> <li>• Human Resources (Human Resource Management and Human Resource and Organisational Development)</li> <li>• Gender, people with disabilities, youth and children</li> <li>• Marketing and Communication</li> <li>• Information Services</li> <li>• Legal Services</li> <li>• Security Management</li> <li>• International relations and Strategic Management Unit</li> <li>• Office of the Ministry, Office of the Director General and Office of the Chief Financial Officer</li> <li>• Monitoring and Evaluation</li> <li>• Labour Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain Management (SCM) functions for head office and regions</li> <li>• Internal audit</li> <li>• Human Resources (Human Resource Management and Human Resource and Organisational Development)</li> <li>• Gender, people with disabilities, youth and children</li> <li>• Marketing and Communication</li> <li>• Information Services</li> <li>• Legal Services</li> <li>• Security Management</li> <li>• International relations and Strategic Management Unit</li> <li>• Office of the Ministry, Office of the Director General and Office of the Chief Financial Officer</li> <li>• Monitoring and Evaluation</li> <li>• Labour Relations</li> <li>• Regional co-ordination and regional managers</li> </ul>

In addition, the Department and the PMTE share the service cost of certain special interventions entered into in support of the turn around strategy. These cannot be reliably separated.

The PMTE receives an augmentation of funds from National Treasury via the NDPW to fund its operations.

### 25.2 Other related parties

The PMTE recognises accommodation revenue on state owned building 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 16. The related receivables (accommodation debtors - freehold inter-governmental) is disclosed in note 3.

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
<b>Revenue from exchange transactions:Accommodation debtor - freehold inter- governmental</b>		
Agriculture, Forestry and Fishing	75 078	65 285
Arts and Culture	30 552	26 567
Communications	761	662
Correctional Services	926 600	874 151
Defence	781 714	-
Defence and Military Veterans	-	1 090 575
Higher Education	637	554
Environmental Affairs	15 339	13 338
Government Communications	24	21
Health	11 860	10 313
Health (Civitas)	76 382	72 059
Home Affairs	36 600	31 826
Human Settlement	388	338
Independent Police Investigative Directorate	345	325
Justice and Constitutional Development	331 401	313 768
Labour	43 004	37 395
Rural Development and Land Reform	20 971	18 235
Minerals	2 377	2 067
National Treasury	4 451	3 871
National Treasury - SARS	25 208	21 920
Public Service and Administration	226	196
SA Police Services	1 096 327	1 034 271
Social Development	415	360
Sports and Recreation	9	7
Statistics SA	1 070	931
Trade and Industry	28	24
Water Affairs	101 682	88 419
	<b>3 583 449</b>	<b>3 707 478</b>

	<b>2015</b>	<b>2014</b>
	<b>R '000</b>	<b>Restated R '000</b>
<b>Gross receivables from exchange transactions: Accommodation debtor - freehold inter-governmental</b>		
Agriculture, Forestry and Fishing	393	393
Arts and Culture	14 279	6 642
Health (Civitas)	11 549	18 015
International Relations and Cooperation	7 258	7 258
Justice and Constitutional Development	1	9 070
Rural Development and Land Reform	1	1
Trade and Industry	28	-
	<b>33 509</b>	<b>41 379</b>
<b>Impairment relating to receivables from exchange transactions</b>		
Agriculture, Forestry and Fishing	393	393
Arts and Culture	7 292	660
Health (Civitas)	984	1 789
International Relations and Cooperation	7 258	7 258
Justice and Constitutional Development	1	9 070
Rural Development and Land Reform	1	1
Trade and Industry	3	-
	<b>15 932</b>	<b>19 171</b>

The PMTE incurs property maintenance 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**

	2015 R '000	2014 Restated R '000
Agricultural, Forestry and Fishing	88	-
Arts and Culture	8 334	4 958
Correctional Services	274	552
Defence	205	-
Defence and Military Veterans	-	1 099
Environmental Affairs	-	52
Home Affairs	-	22
Justice and Constitutional Development	143 184	113 014
National Prosecuting Authority	-	3
Presidency	1 662	-
SA Police Services	311	-
Water Affairs	15	-
	<b>154 073</b>	<b>119 700</b>

**Accruals raised**

Agriculture, Forestry and Fishing	88	-
Arts and Culture	362	161
Correctional Services	274	552
Defence and Military Veterans	205	1 126
Environmental affairs	-	52
Home Affairs	-	22
Justice and Constitutional Development	9 991	11 612
Presidency	1 662	-
SA Police Services	311	-
Water Affairs	15	-
	<b>12 908</b>	<b>13 525</b>

The PMTE paid R 7 million (2014:R 9 million) relating to property rates for properties under the custodianship of the Department of Rural Development and Land Reform.

**Management remuneration**

Management of the PMTE is defined as being individuals with the responsibility for planning, directing and controlling the activities of the entity. Key management officials are members of the Executive Committee (EXCO), members of

the Minister and Top Management Committee of the NDPW, 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 20), the remuneration is not included in the disclosure below. This includes the remuneration of the Chief Financial Officer, the Director-General and the Minister of Public Works.

During the 2014/15 financial period, management re-evaluated officials that fall under the definition of key management personnel and disclosed only officials that have control, authority to control or have significant influence over the entity. For comparative purposes, the management emolument for the prior period has been restated to align to the 2014/15 assessment.



## 26. Management emoluments

2015

### Employees

	Baia salary	Non-pensionable salary	Service bonus	Post employment benefits	Other short term benefits	Total
	R '000	R '000	R '000	R '000	R '000	R '000
Regional Manager - Bloemfontein	593	115	49	113	177	1 047
Regional Manager - Cape Town	734	97	61	112	49	1 053
Regional Manager - Durban	593	269	49	77	218	1 206
Regional Manager - Johannesburg	611	110	51	100	161	1 033
Regional Manager - Kimberley	593	258	49	88	71	1 059
Regional Manager - Mafikeng	593	162	49	77	159	1 040
Regional Manager - Mthatha	593	269	49	77	40	1 028
Regional Manager - Nelspruit	611	282	101	141	-	1 135
Regional Manager - Polokwane	692	53	58	98	206	1 107
Regional Manager - Port Elizabeth	648	325	107	28	-	1 108
Regional Manager (Acting) - Pretoria	602	220	51	78	82	1 033
Chief Director: Financial	593	247	49	99	-	988
Planning Head of Finance (Acting)	333	-	-	-	-	333
<b>EXCO members</b>						
Head of PMTE (Acting)	842	181	70	109	34	1 236
Deputy Director General: Asset Immovable Management (Acting)	734	150	61	104	104	1 153
Deputy Director General: Inner	841	110	70	110	90	1 221
City Regeneration Deputy Director General: Key	721	297	60	94	30	1 202
Accounts Management Deputy Director General: Regional Co-ordination	812	158	68	106	218	1 362
	<b>11 739</b>	<b>3 303</b>	<b>1 052</b>	<b>1 611</b>	<b>1 639</b>	<b>19 344</b>

**2014**

**Employees**

Chief Director: Financial  
 Planning Head of Finance (Acting)  
 EXCO member Head of PMTE (Acting)  
 Deputy Director General: Asset Immovable Management (Acting)  
 Deputy Director General: Key Management Accounts

Baisc salary	Non-pensionable salary	Service bonus	Post employment benefits	Other short term benefits	Total
R '000	R '000	R '000	R '000	R '000	R '000
561	232	47	95	8	943
1 000	-	-	-	-	1 000
796	91	66	103	110	1 166
695	141	58	98	67	1 059
682	280	56	89	30	1 137
<b>3 734</b>	<b>744</b>	<b>227</b>	<b>385</b>	<b>215</b>	<b>5 305</b>

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.

### Service contracts

The Acting Head of Finance was appointed for 9 months during the 2013/14 financial period and 3 months during the 2014/15 financial period.

Categories of financial instruments

	Note	2015 R'000	2014 Restated R'000
<b>Financial assets at amortised cost</b>			
Receivables from exchange transactions	3	2 156 652	1 707 574
Cash and cash equivalents	6	6 197	353
		<b>2 162 849</b>	<b>1 707 927</b>
<b>Financial liabilities at amortised cost</b>			
Bank overdraft	6	667 586	433 108
Payables from exchange transactions	11	6 110 126	3 370 421
Retention liabilities	12	257 354	239 286
Finance lease obligation	15	3 868	-
		<b>7 038 934</b>	<b>4 042 815</b>

## 28. Risk management

### Financial risk management

The entity activities exposes it 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 within the PMTE and tasks the Audit Committee with providing advise thereon. 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 Risk Management unit together with the Internal Audit and Compliance units who engage with the Audit Committee and members of the Executive Committee ("EXCO") regularly.

Liquidity risk is the risk that the PMTE is not able to settle its obligations. The PMTE manages liquidity risk through ongoing review and assessment of client departments' commitment to settle their accounts.

For operating lease liabilities and finance lease liabilities, the maturity analysis is disclosed in note 5 and note 15 respectively. 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:

	Note	1 month R'000	2-12 months R'000	2 years R'000	3 years R'000	> 3 years R'000	Total R'000
<b>2015</b>							
Bank overdraft	6	667 586	-	-	-	-	667 586
Accrued expenses - Assets	11	285 223	-	-	-	-	285 223
Accrued expenses - Cleaning and gardening	11	15 058	-	-	-	-	15 058
Accrued expenses - Leases	11	341 148	-	-	-	-	341 148
Accrued expenses - Maintenance	11	291 089	-	-	-	-	291 089
Accrued expenses - Municipal Services	11	299 824	-	-	-	-	299 824
Accrued expenses - Other accruals	11	7 002	-	-	-	-	7 002
Accrued expenses - Property rates	11	155 701	-	-	-	-	155 701
Accrued expenses - Scheduled maintenance	11	90 649	-	-	-	-	90 649
Accrued expenses - Security	11	2 893	-	-	-	-	2 893
Accrued expenses - Service in-kind	11	36 938	904	-	-	-	37 842
Over claimed lease revenue	11	527 266	-	-	-	-	527 266
Deferred revenue	11	3 954 026	-	-	-	-	3 954 026
Trade payables	11	67	-	-	-	-	67
Contract guarantees	11	90	-	-	-	-	90
Retentions	12	168 923	53 714	28 140	4 539	2 038	257 354
Capital commitments - Projects	32	1 410 599	1 127 610	3 300 175	288 381	392 540	6 519 305
Other commitments	32	41 967	-	-	8 047	-	50 014
		<b>8 296 049</b>	<b>1 182 228</b>	<b>3 328 315</b>	<b>300 967</b>	<b>394 578</b>	<b>13 502 137</b>

	Note	1 month R'000	2-12 months R'000	2 years R'000	3 years R'000	> 3 years R'000	Total R'000
<b>2014</b>							
Bank overdraft	6	433 108	-	-	-	-	433 108
Accrued expenses - Assets	11	185 262	-	-	-	-	185 262
Accrued expenses - Cleaning and gardening	11	18 553	-	-	-	-	18 553
Accrued expenses - Leases	11	300 654	-	-	-	-	300 654
Accrued expenses - Maintenance	11	157 535	-	-	-	-	157 535
Accrued expenses - Municipal Services	11	337 860	-	-	-	-	337 860
Accrued expenses - Other accruals	11	414	-	-	-	-	414
Accrued expenses - Property rates	11	115 441	-	-	-	-	115 441
Accrued expenses - Scheduled maintenance	11	168 864	-	-	-	-	168 864
Accrued expenses - Security	11	4 154	-	-	-	-	4 154
Accrued expenses - Service in-kind	11	16 601	-	-	-	-	16 601
Over claimed lease revenue	11	435 853	-	-	-	-	435 853
Deferred revenue	11	1 516 912	-	-	-	-	1 516 912
Trade payables	11	178	-	-	-	-	178
Contract guarantees	11	90	-	-	-	-	90
Retentions	12	169 316	56 392	13 422	156	-	239 286
Capital commitments - Projects	32	806 719	1 368 960	771 474	963 823	-	3 910 976
		<b>4 667 514</b>	<b>1 425 352</b>	<b>784 896</b>	<b>963 979</b>		<b>7 841 741</b>

During both the current and prior financial period, the project managers retained insufficient amounts on each payment/ invoice as prescribed by the applicable contracts with the contractors. The retention is used as security to manage the risk of non- performance/ defaulting by the contractors. By not retaining sufficient amounts on each payment/ invoice the PMTE is exposing itself to greater risk as it will not have any bargaining power should the contractors default.

The PMTE has 2588 active leases (2014: 2650) included in the current private leasing portfolio. The leasehold commitments reflected have been determined based on the terms and conditions of the relevant lease agreements. However, based on the nature of leases that are running on a month-to-month and open-ended basis, the related leasehold commitment, as at 31 March, 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. For further commitment disclosure for operating leases, refer to note 5.

The PMTE does not 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.

Financial and statutory assets exposed to credit risk at period end were as follows:

	<b>2015</b>	<b>2014</b>
	<b>R'000</b>	<b>Restated R'000</b>
Cash and cash equivalent	6 197	353
Receivables from exchange transactions	1 530 187	1 237 703
Receivables from non-exchange transactions	284	97
Operating lease asset	973 011	928 233
	<b>2 509 679</b>	<b>2 166 386</b>

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 owned by the state and is intrinsic to the business. National Treasury determines this rate and manages the risk on behalf of National Government.

## 29. Subsequent events

There are no subsequent events identified to be disclosed.

### 30. Prior period errors

Material differences relating to prior years were adjusted and the prior year financial statements have been restated to this effect. The impact of these errors are summarised below with the details shown separately below:

	<b>2014 Restated R'000</b>
Increase in receivables from exchange transactions	55 310
Increase in operating lease asset	23 090
Decrease in finance lease receivable (current)	(681)
Decrease in property, plant and equipment	(1 16 999)
Increase in investment property	409
Increase in heritage assets	1 860
Increase in intangible assets	327
Decrease in finance lease receivable (non-current)	(12 958)
Increase in operating lease liability	(21 279)
Increase in payables from exchange transactions	(2 690 917)
Decrease in finance lease liability (current)	681
Decrease in provisions	2 173 762
Decrease in finance lease liability (non-current)	12 958
<b>Decrease in net assets</b>	<b>(574 437)</b>
<b>Represented by:</b>	
Decrease in accumulated surplus:	
Decrease in revenue from exchange transactions	(1 354 549)
Increase in revenue from non-exchange transactions	5 849
Increase in operating expenses	(1 17 400)
Decrease in interest expense	1 281
<b>Decrease in surplus</b>	<b>(1 464 819)</b>
<b>Decrease in opening accumulated deficit</b>	<b>890 382</b>
	<b>(574 437)</b>

#### 30.1. Restatement of accrued expenses and prepayments

Due to the PMTE not having an appropriate system for recording accrual transactions, accruals and prepayments were incomplete in the prior period. The restatement was performed as, in some cases the date of the invoice was used to record the transaction and not the date that the goods were actually received. In other cases the information only became available after the financial statements were submitted for auditing. A manual accrual management system has since been developed and prior year accruals restated.

	<b>2014 Restated R'000</b>
Increase in receivables from exchange transactions	147 929
Increase in property, plant and equipment	56 968
Increase in payables from non-exchange transactions	(440 210)
	<b>(235 313)</b>
Decrease in revenue from exchange transactions	42 762
Decrease in operating expenses	(278 075)
	<b>(235 313)</b>

### 30.2. Correction of operating and finance lease transactions

The PMTE has performed a detailed review of its lease agreements. The lease agreements were reviewed to ensure correct classification and recognition in terms of the applicable Standards of GRAP. As a result, all lease agreements were classified as operating leases. The PMTE recognised a receivable in prepaid expenses (note 3) after considering impairment. Lease accruals for over-recoveries and under-payments (note 11) were also raised after the lease review. The PMTE only recognised a contingent asset (note 22) for under-recovery as we will only claim the monies from client departments when the outflow of cash is certain.

	<b>2014 Restated R'000</b>
Decrease in receivables from non-exchange transactions	(92 619)
Increase in operating lease asset	23 090
Decrease in finance lease asset (current)	(681)
Decrease in finance lease asset (non-current)	(12 958)
Increase in operating lease liability	(21 279)
Increase in payables from exchange transactions	(733 383)
Decrease in finance lease liability (current)	681
Decrease in provisions	2 173 762
Decrease in finance lease liability (non-current)	12 958
	<b>1 349 571</b>
Increase in revenue from exchange transactions	119 601
Decrease in operating expenses	337 895
Decrease in interest expense	1 693
Decrease opening accumulated deficit	890 382
	<b>1 349 571</b>

### 30.3. Accounting for deferred revenue on capital projects

Deferred revenue was not accounted for in the prior periods for accommodation charges freehold inter-governmental. The revenue received, from client departments which hold the budget for Projects and Planned Maintenance on properties under the custodian of the NDPW, is to be deferred until the project is completed and the property is ready for use.

	<b>2014 Restated R'000</b>
Increase payables from exchange transactions	(1 516 912)
Decrease in revenue from exchange transactions	(1 516 912)

### 30.4. Correction of immovable assets

During 2014/15 financial year PMTE discovered that the transfer of completed assets from Assets Under Construction to Property Plant and Equipment, Investment properties and Heritage assets were incorrectly calculated and recognised. This process resulted in additional assets being reclassified from Assets Under Construction into Property Plant and Equipment. This classification was subsequently corrected.

	<b>2014 Restated R'000</b>
Decrease in property, plant and equipment	(173 967)
Increase in investment property	409
Increase in heritage assets	1 860
Increase in intangible assets	327
	<b>(171 371)</b>
Increase in operating expenses	(177 220)
Increase in revenue from non-exchange	5 849
	<b>(171 371)</b>

### 30.5. Correction of interest expense

Management identified that an amount for interest expense on the bank balance was not accounted for in the prior period.

	<b>2014 Restated R'000</b>
Increase in payables from exchange transactions	(412)
Increase in interest expense	(412)

### 3 I. Budget differences

	<b>2014 Restated R'000</b>
<b>Reconciliation of budget to actual</b>	
Net cash flow from operating activities	3 218 562
Net cash flow from investing activities	(3 447 196)
<b>Net decrease in cash and cash equivalents per the cash flow statement</b>	<b>(228 634)</b>
<b>Cash deficit per statement of comparison of budget and actual amounts</b>	
Surplus per statement of financial performance	854 834
<b>Basis difference</b>	<b>626 200</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. The PMTE's approved budget was for the 12 month period ending 31 March 2015.

#### Explanations of material variances between actual amounts and final budgeted amount

##### Accommodation charges - freehold inter-governmental and leasehold inter-governmental

The revenue projection is based on the invoices issued, while the actual represents the amount received in the bank account. The balance of the amount not received is represented in receivables.

##### Municipal services recoveries

The revenue projection is based on the invoices issued, while the actual represents the amount received in the bank account. The balance of the amount not received is represented in receivables.

##### Municipal services

The budgeted amount is based on the invoices issued which is based on the payments made for municipal services. Due to the timing difference between the payments and the invoices issued, the actual recoveries may be less than planned.

##### Maintenance - planned

The budget is based on the cash flow projection of hundreds of projects. These cash flows change constantly due to SCM processes, conditions on site, etc. The fluctuations are managed as much as possible during the year, through interventions where necessary, but the expenditure will not match the budget exactly.

### **Maintenance - unplanned**

This budget relates to day-to-day breakdowns and routine maintenance done on installations such as air conditioners, boilers, water treatment plants, etc. Due to the nature of the expense, the budget is monitored and adjusted to re-align with the actual expenditure, but cannot be fixed as the number of breakdowns cannot be determined beforehand.

### **Cleaning and gardening**

The expenditure is based on payments made to suppliers contracted to deliver these services. Of the amount outstanding as at 31 March 2015, a portion relates to accruals where the service was delivered, but not yet paid for.

### **Interest expense**

The is a nominal amount that cannot be predicted in advance. The budget is adjusted towards year end.

### **Operating leases**

The budgeted amount is based on the invoices issued which are based on payments made for municipal services. Due to the timing difference between the payments and the invoices issued, the actual recoveries may be less than planned.

### **Property rates**

The original budget was supplemented with savings from other items to make provision for the payments of invoices received from municipalities relating to arrear property rates accounts. These accounts are still being verified and reconciled with prior year payments to ensure validity before payment is made. The full amount could not be spent by year end.

### **Disallowances**

The disallowance difference results from payments made which were not recovered or written off.

## **32. Commitments**

### **32.1 Capital commitments - Projects**

Commitments for the acquisition of non-financial assets (consisting of property, plant and equipment, investment property, heritage assets and intangible assets) that are contracted for, but not provided for, in the financial statements, are reflected in the table below. Included in the capital commitments amount of R 6 978 million (2014: R 4 210 million) are the CPAP commitment (Contract Price Adjustment Provision) of R 531 million (2014: R 305 million), year-end accruals for amounts still owed to the contractors for goods and services already delivered, and finally retentions as illustrated on the next page:

**Approved and contracted for**

Gross capital commitment  
Retentions  
Accrued expenses

	<b>2015</b>	<b>2014</b>
	<b>R'000</b>	<b>Restated R'000</b>
	6 977 863	4 209 883
	(173 373)	(128 257)
	(285 185)	(170 650)
	<b>6 519 305</b>	<b>3 910 976</b>

Refer to note 28 for the ageing of capital commitments.

**32.2 Other commitments**

These commitments relate to expenditure which was previously incurred in NDPW's Main Vote. From 1 April 2015, the administrative budget (i.e. Goods and Services and Machinery and Equipment) will be transferred to the PMTE. Hence the actual expenditure linked to the transactions already contracted with and committed to by the NDPW during 2014/15 financial period will be incurred by the PMTE during 2015/16.

Operational commitments resulting from routine business functions of the PMTE are not disclosed per GRAP 19.

Approved and contracted for

	<b>2015</b>	<b>2014</b>
	<b>R'000</b>	<b>Restated R'000</b>
	50 014	-

**33. Transfer of functions**

The PMTE was established as a trading entity that operates within the administration of the National Department of Public Works (NDPW). The main purpose of the PMTE was to manage properties under the custodianship of the NDPW. In the prior years, the PMTE incurred all the expenses and collected the revenue for the properties which was recognised by the NDPW and not recognised by the PMTE prior to the transfer of functions. To align the expenses and revenue to the underlying assets, the NDPW transferred certain property management functions, including the related assets, liabilities and staff, to the PMTE.

Functions to be transferred from the NDPW have been identified, however, the related assets and liabilities have not been recognised by the NDPW, due to the fact that the department is on a modified cash basis. The PMTE is in the process of identifying and measuring the assets and liabilities per the principles of GRAP. In terms of GRAP 105 and Directive 2, the PMTE has 3 years from transfer date to measure all assets and liabilities transferred. Therefore the values above represent provisional amounts as measurement initiatives are still in progress. These values will be updated to comply with the GRAP requirements in the transitional period.

During the transfer of functions, the assets and liabilities listed below were acquired at no consideration from the NDPW. The provisional amounts were based on the amount disclosed by the NDPW. Where no values existed or values were unreliable, assets or class of assets were initially transferred at R 1 000.

The PMTE acquired the following functions and the related assets and liabilities from the NDPW on 1 April 2013:

- Asset Investment Management
- Property Management
- Facilities Management
- Key Account Management
- Regional Finance Units.

Assets and liabilities acquired on 1 April 2013, relating to the above functions, consists of the following:

	<b>Opening provisional amount 1 April 2013 R'000</b>	<b>GRAP adjustments 2014 R'000</b>	<b>GRAP adjustments 2015 R'000</b>	<b>Closing provisional amounts R'000</b>
<b>Assets</b>				
Property, plant and equipment *	3 519 437	5 900	2 158 456	5 683 793
Investment property *	48 988	3 898 647	62 558 500	66 506 135
Heritage assets #	4	-	261	265
Intangible assets #	1	-	40 385	40 386
Receivables from exchange transactions *	9 324	1 136	-	10 460
Receivables from non-exchange transactions #	77 932	-	8 211	86 143
Operating lease asset *	-	47 055	18 931	65 986
	<b>3 655 686</b>	<b>3 952 738</b>	<b>64 784 744</b>	<b>72 393 168</b>
<b>Liabilities</b>				
Employee benefit obligations #	(76 014)	-	(8 211)	(84 225)
<b>Net gain on transfer of functions - effective 1 April 2013</b>	<b>3 579 672</b>	<b>3 952 738</b>	<b>64 776 533</b>	<b>72 308 943</b>
Contingent liabilities transferred to the PMTE	11 597	-	-	11 597

\* These provisional amounts have been transferred from NDPW at the amounts reflected in its audited financial statements for the period ending 31 March 2013. The amounts have been obtained from reports extracted from the procurement system called LOGIS and/or PMIS.

# These provisional amounts have not been recognised in the NDPW's audited financial statements, for the period 31 March

Subsequent to transfer of functions effective 1 April 2013, the NDPW transferred further functions to the PMTE to support the management of the PMTE's properties under the custodian of the NDPW.

The PMTE acquired the following functions and the related assets and liabilities from the NDPW on 1 April 2014:

- Inner City Regeneration
- Projects and Professional services
- Regional co-ordination
- Supply Chain Management
- Regional support and Regional Managers

Assets and liabilities acquired on 1 April 2014, relating to the above functions, consists of the following:

	<b>Opening provisional amount 1 April 2014 R'000</b>	<b>GRAP adjustments 2015 R'000</b>	<b>Closing provisional amounts R'000</b>
<b>Assets</b>			
Property, plant and equipment ##	1	81 996	81 997
Intangible assets ##	1	6 192	6 193
Receivables from non-exchange transactions ##	1	66 820	66 821
	<b>3</b>	<b>155 008</b>	<b>155 011</b>
<b>Liabilities</b>			
Employee benefit obligations ##	(1)	(66 820)	(66 821)
Finance lease liability ##	(1)	(5 824)	(5 825)
	<b>(2)</b>	<b>(72 644)</b>	<b>(72 646)</b>
<b>Net gain on transfer of functions - effective 1 April 2014</b>	<b>1</b>	<b>82 364</b>	<b>82 365</b>
Contingent liabilities transferred to the PMTE	-	-	-

## These provisional amounts have not been recognised in the NDPW's audited financial statements, for the period 31 March 2014.

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of the respective GRAP standards, are as follows:

- Identification of properties and its components:  
The PMTE is currently utilising various service providers to assist with the physical verification of assets, including identification of significant components in accordance with its asset management policy.
- Calculate deemed carrying amount:

Part of the physical verification process, the condition of the asset is assessed to determine the remaining useful life that will be used in determining the estimated useful life for depreciation purposes and determining a carrying amount in accordance with GRAP.

- Recording of assets and measuring items or components in accordance with GRAP:  
Once the physical verification process has been completed, the items must be recorded at a deemed cost (carrying amount) as determined. Moveable assets (computer equipment, furniture and office equipment, other machinery and intangible assets) will be transferred on the LOGIS system to a separate store which is ring-fenced and marked to identify the PMTE's assets. Immovable assets (properties, infrastructure and heritage assets) will be recorded on a separate asset register.

To enable the PMTE to account for these assets in accordance with GRAP, PMTE will measure these assets at a deemed carrying amount. To determine the carrying amounts the following different methods will be applied:

- Movable assets with a cost, recorded on LOGIS system, will be depreciated from acquisition date until transfer of functions date taking into account its current condition and remaining useful life. The deemed carrying amount of movable assets with no values will be based on similar assets taking into account the condition and future use of the asset. The NDPW only included values (cost/deemed cost) for movable assets acquired after April 2002. All other assets were included at no values/R1 in their asset register.
- Using the most recent municipal valuations per municipal rolls dated closest to the transfer date, commencing with the 2013 valuations and onwards, taking into account any capital improvements made to the existing property from date of transfer of the assets to date of municipal valuation used, as well as information obtained from the current physical verification process that is taking place. A valuation tool will be applied to calculate the apportionment of deemed estimated carrying amounts to be allocated to identified components of an asset. Where it has been identified that a municipal valuation cannot be used to value a property, the following generally accepted valuation methodologies will be applied, depending on the nature of the asset:
- Depreciated Replacement Cost (DRC) methodology for the more specialised properties. Whereby the replacement cost is then adjusted using two normative measures to reflect the difference between the existing asset and a new asset of a similar nature. The two normatives are:
  - (i) physical condition of the existing asset as compared to the new asset of a similar nature, and
  - (ii) functionality of the asset, thus the functional attributes that should form part of a new asset of a similar nature, which may to some extent, be present in the existing asset.
- Sales comparison method for vacant land and other properties. Land values will be determined taking cognisance of area-based land values differentiating between regions.
- Moveable assets recorded on the LOGIS system will be depreciated from acquisition date till transfer of functions date taking into account its current condition and remaining useful life.

The date at which full compliance with the GRAP standards is expected, is 31 March 2016.

## Appendix A: LIST OF ACTS

Short Title of the Act	Purpose of the Act
<b>Before Union (prior to 1910)</b>	
Cape Outspans Act 17 of 1902	To provide for the resumption of unused Outspans, and cancellation and delimitation of Outspan Servitudes.
Pretoria and Military Supply Ordinance, 1905	To render certain Crown Land to the Municipality of Pretoria upon certain conditions.
<b>During Union (1910 – 1961)</b>	
Rhodes Will (Groote Schuur Devolution) Act 09 of 1910	To provide for the surrender of the Groote Schuur Estate to the Government of the Union of South Africa in accordance with the Will of the late Cecil John Rhodes and for the release of the Trustees.
Agricultural Holdings (Transvaal) Registration Act 22 of 1919	To approve the division and registration of land in former Transvaal as an agricultural holding and to cancel such certificates at request for owner.
Bethelsdorp Settlement Act 34 of 1921	To provide for the settlement of certain matters in dispute at Bethelsdorp between the London Missionary Society and its successors, the Congregational Union Church Aid and Missionary Society of South Africa and the Bethelsdorp Board of Supervisors.
Mooi River Township Lands Act 05 of 1926	To provide for the grant of certain land to the Local Board of Township of Mooi River and matters incidental therefore.
Carnarvon Outer Commonage Sub-division Act 17 of 1926	To provide for the cancellation of the title issue under section 14 of Act No 19 of 1913 to the Committee of Management of the Carnarvon Outer Commonage, the sale of certain sowing lands on the said Commonage, the subdivision and allocation of the remaining extent of the said Commonage among the owners of 'opstallen' and persons having grazing and sowing rights thereon and the issue of individual titles to such owners and persons, the disposal of certain other lands owned by the said Committee, and matters incidental thereto.
Payment of Quitrent (Cape) Act 14 of 1927	To regulate the payment of quitrent by part-owner of land subject to payment of quitrent and situated in the province of the Cape of Good Hope.
Marburg Immigration Settlement (Social Board of Management) Act 43 of 1927	To provide for the constitution of a local Board of Management for the Marburg Immigration Settlement, County of Alfred, in the Province of Natal and certain incidental matters.
Cape Outspans Act 17 of 1937	To provide for the issue of deeds of grant to divisional and municipal councils in respect of Outspans consisting of Crown Land situated in the Cape of Good Hope.
Municipal Lands (Muizenberg) Act 09 of 1941	To make better provision for attaining the object of certain lands adjoining False Bay are vested in the Council of the City of Cape Town.
Cape Town Foreshore Act 26 of 1950	To provide for the management, control and development of the Cape Town foreshore and to that end to establish a board in respect of the said foreshore and to define its functions and to provide for through the incidental matters.

Short Title of the Act	Purpose of the Act
<b>Republic (1961 – 1994)</b>	
State Land Disposal Act 48 of 1961	To provide for the disposal of certain State Land and for matters incidental thereto, and to prohibit the acquisition of State Land by prescription.
Paarl Mountain Act 83 of 1970	To provide for the transfer of the ownership of certain land to the Paarl Municipality for certain purposes and the expropriation of certain rights in such land; to empower the said Municipality to donate a portion or portions of the said land to the State for the purpose of a Language Monument, and to provide for other incidental matters.
Marburg Immigration Settlement Regulation Act 50 of 1971	To provide for the subdivision of commonages within the Marburg Immigration Settlement situate in the County of Alfred, province of Natal and the allocation of the relevant portions to, and the dividing of the other assets of the Marburg Immigration Settlement Board, among registered owners of lots within the said Settlement, for matters incidental thereto.
Church Square, Pretoria, Development Act 53 of 1972	To provide for the management and upkeep of Church Square in Tshwane.
General Law Amendment Act 102 of 1972	Section 34. Certain conditions of title applying in respect of immovable property owned by the State to lapse in certain circumstances.
The Lake Areas Development Act 39 of 1975	To provide for the establishment of lake areas under the control of a Lake Areas Development Board, and for matters incidental thereto.
Expropriation Act 63 of 1975	To provide for the expropriation of land and other property for public and certain other purpose and for matters incidental thereto.
Rating of State Property Act 79 of 1984	To repeal certain Acts granting exemption in respect of certain State property from rates levied on immovable property by local authorities; provided that such rates may, notwithstanding certain other exemptions, be levied on other State property, make provision for rebates in respect of such rates levied on State property, and provide for matters such rates levied on State property, and provide for matters incidental thereto.
Transfer of Powers and Duties of the State President Act 97 of 1986	To amend certain laws so as to vest certain functions presently assigned to the State President, in the respective Ministers of State who are charged with the administration of those laws; and to provide for incidental matters.
Land Affairs Act 101 of 1987	To provide for the determination of amounts of compensation, purchase prices or rents in respect of immovable property expropriated, purchased or leased by the Department of Public Works for public purposes and the giving of advice with regard to the value of land and purchase prices or rent in respect of certain immovable property; for that purpose to make provision for the establishment of a Land Affairs Board; and to provide for incidental matters.
Commonwealth War Graves Act 08 of 1992	To prohibit the desecration, damaging or destruction of Commonwealth War Graves, to regulate the disinterment, removal, reinterment or cremation of Commonwealth war burial and the removal, alteration, repair or maintenance of Commonwealth War Graves and to provide for matters connected therewith.

Short Title of the Act	Purpose of the Act
<b>South Africa (1994 to date)</b>	
Parliamentary Village Management Board Act 96 of 1998	To provide for the establishment of a Parliamentary Villages Management Board and matters incidental thereto.
Construction Industry Development Board Act 38 of 2000	To provide for the establishment of the Construction Industry Development Board, and matters incidental thereto.
Council for the Built Environment Act 43 of 2000	To provide for the establishment of the Council for the Built Environment and matters incidental thereto.
Architectural Profession Act 44 of 2000	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Landscape Architectural Professional Act 45 of 2000	To provide for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto.
Engineering Profession of South Africa Act 46 of 2000	To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto.
Property Valuers Profession Act 47 of 2000	To provide for the establishment of the Council for the Property Valuers Profession and matters incidental thereto.
Project and Construction Management Profession Act 48 of 2000	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.
Quantity Surveying Profession Act 49 of 2000	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.
Government Immovable Asset Management Act 19 of 2007	To provide for a uniform framework for the management of an immovable asset that is held or used by a national or provincial department to ensure the coordination of the use of an immovable asset with the service delivery objectives of a national or provincial department; to provide for issuing of guidelines and minimum standards in respect of immovable asset management by a national or provincial department.