

Strategic Plan

2014 - 2019

1994



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Department:
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REPUBLIC OF SOUTH AFRICA

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STRATEGIC PLAN

2014-19



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Department:
Public Works
REPUBLIC OF SOUTH AFRICA



Minister's Foreword

The year 2014 marks the 20th anniversary of our freedom and democracy when South Africans cast aside centuries of discrimination and oppression to form a new society. However, our country is still confronted with challenges of inequality, unemployment and poverty that our Government is trying its utmost to address.

To this end the central objective and mission of Government's developmental agenda, outlined in the Medium Term Strategic Framework (MTSF, 2009–2014), was to set the country on a higher and sustainable trajectory of economic growth. As we pick up the pace to deliver on the commitments we made in the 2009, we will continue to strive toward improving the economy and jobs, rural development and food security, human settlements and basic services, education and training, health and the fight against corruption and crime.

Economic growth and development, including the creation of decent work and investment in quality education and skills development are at

the centre of Government's programme. Infrastructure development is one of the projects identified to boost our economy and reduce unemployment.

Our plans have therefore taken into consideration the new priorities of the 2014-2019 MTSF as it forms the first five year building block towards achieving the 2030 vision in the National Development Plan. In this regard the Department will contribute to Outcome 4: Decent employment through inclusive growth, Outcome 6: Efficient, competitive and responsive economic infrastructure network, Outcome 7: Comprehensive rural development and Outcome 12: Efficient, effective and development orientated public service.

As the Department we acknowledge the National Development Plan as a Government roadmap and have incorporated its goals into our five year plan. The National Development Plan outlines the type of society we are striving for in 2030 as a country, where everyone is able to go to school and further their studies if they wish; where work is available and where equal opportunities are provided to all. It also tackles the triple challenge of unemployment, inequality and poverty where no one is hungry.

To pave the way for accelerated economic progress over the next 20 years, South Africa needs to make tough decisions that will involve both compromises and trade-offs. The set goals in the National Development Plan will be achieved only if the country confronts current structural and policy weaknesses, manages risks and exploits its economic strengths in ways that benefit the majority of our people – working people and the poor. Movement towards an inclusive and dynamic economy requires that the country should urgently launch the virtuous cycle that allows it to move to a new growth trajectory. Critically, economic policy must reduce unnecessary hindrances to growth and increase growth-enhancing investment, while fundamentally changing the structure of our economy.



Growth requires new kinds of production and more equitable ownership in order to enhance employment creation and broaden access to the benefits of economic development.

The Presidential Infrastructure Coordinating Commission (PICC) is mandated by Cabinet to plan and coordinate a National Infrastructure Plan. PICC interventions are cross-cutting yet targeted, seeking to crowd-in investment and mobilise efforts. The PICC is integrating and phasing investment plans across 18 Strategic Infrastructure Projects (SIPs) which have five core functions: to unlock opportunity, transform the economic landscape, create new jobs, strengthen the delivery of basic services and support the integration of African economies. The Department will be directly contributing to SIP 13 with the beautification of 915 schools and the upgrading of inappropriate infrastructure for 36 schools. In support of SIP 17, Regional Integration for African cooperation and development, the Department will continue upgrading and maintaining South Africa's land ports of entry.

Many rural areas and households are trapped in a vicious cycle of poverty without access to basic services, health care and quality education. Since 1994, the main challenge for rural development has been the marginalisation of the poor. Government's key objective in this regard is to create spatially, socially and economically well integrated rural areas across municipal, district and provincial and regional boundaries where residents have economic growth, food security and jobs as a result of agrarian transformation, land reform and infrastructure development programmes. The Department will collaborate with sector departments and rural municipalities in support of integrated development and spatial planning. In addition we will continue to release suitable State-owned properties in support of human settlements.

Despite our challenges in the past we have been successful in improving the lives of the poor through the coordination of the Expanded Public Works Programme (EPWP), one of our flagship

programmes. In 2004, Government launched a five year EPWP with a commitment to creating 1 million work opportunities of varying duration. That target was achieved one year ahead of schedule. A second phase of the EPWP was launched in 2009. Since the start of the second phase in 2009 up to the end September 2013, the EPWP has created 3 759 935 work opportunities and 1 014 732 Full Time Equivalents (FTEs). In the 2012/13 financial year alone, the EPWP created 941 593 work opportunities and through this reached at least 795 082 people. The average annual income for each work opportunity was R4 672. Beneficiary surveys indicate that the majority participants in the EPWP were poor. Sixty per cent of the beneficiaries had income levels below the poverty line and thirty two per cent had income levels that fall below half this poverty line. For the poorest group, the EPWP has doubled their annual household income.

The EPWP also improves the lives of the poor by providing a wide range of services and assets such as home-based care for the sick and elderly, removing invasive alien plants to create better pastures for grazing of cattle and improved water resources and improving the condition of roads to create better access to markets, school and clinics.

Another equally important achievement of the EPWP is that it provides people with an opportunity to work, enhancing their dignity and self-esteem and so contributes to the development of their communities and ultimately the country.

Approximately half of all EPWP participants were unemployed for more than three years prior to working in the EPWP. For them, finding work in the conventional market economy remains rare and only the EPWP provides a rare chance to work and earn an income.

These achievements have entrenched the EPWP as an important element of the Government's plan going forward, as articulated in both the New Growth Path and the National



Development Plan.

Over the past four years both the Department and the Property Management Trading Entity (PMTE) have attracted negative audit opinions. The situation has deteriorated from unqualified audit opinions to disclaimed audit opinions. The root causes of this deteriorating situation can be attributed to fundamental systemic problems such as a general lack of controls to prevent irregular, fruitless and wasteful expenditure, inefficient Supply Chain Management practices, inefficient lease management, non-operationalisation of the PMTE as well as the inadequacy of the Immovable Asset Register. This has led to an increasingly unstable organisation and opened the door to process abuse and manipulation, driving unacceptable high levels of corruption.

This unacceptable state of affairs required urgent executive intervention; hence the Turnaround Strategy was launched in 2012. Going forward as we strive to rebuild the Department and to create a solid foundation for a sustainable turnaround, my approach and strategy in turning around the Department is based on two pillars, namely zero tolerance on fraud and corruption and improving the way in which the Department conducts business, whilst simultaneously stabilising the Department.

At the centre of the Turnaround Strategy is the creation of a fully functional property management entity within the Department. The PMTE will be established as a Government Component subject to Cabinet endorsement that will allow us to focus on the core property management business of the Department and professionalise it. This will be done in three distinct phases, being the Stabilisation (Phase 1), Transitional (Phase 2) and Sustainability and growth (Phase 3). We are also currently engaging the private sector to assist with technical expertise in this respect. It remains critical that the Department strengthens its institutional capacity and align the private property sector investment activities with those of the State as this will ensure alignment of capital

allocation and the development of a collective vision so as to avoid a skewed ownership of the property industry.

Despite capacity constraints, significant progress has already been made in Phase 1 of the Turnaround Strategy (Stabilisation Phase), particularly in the overhaul of the Immovable Asset Register, the review of leases and lease management processes and improving audit outcomes. While stabilising the Department we are also creating a platform for transformation to realise the long-term benefits of the Turnaround Strategy.

In relation to the 7 Year Turnaround Plan, key priorities of the medium-term include:

- Embedding the new organisational structure into the Department through sound human resource planning and practices. This process will include structured coordination with Regions and core applications and systems to support key business capabilities.
- Establishing a Government Component for providing crucial professional property management services to Government. This must include a reliable comprehensive Immovable Asset Register, a professionally staffed Asset Investment Management Branch driving policy and investment decisions in the interests of our user departments, creating value and contributing to economic development and job creation, contributing to spatial planning and transformation, professional property, facilities and lease management functions and a smoothly running Prestige portfolio.
- Rebuilding the core professional and technical capacity of the Department through joint teams to better service clients, reviving artisan workshops, implementing the National Infrastructure Maintenance Strategy and a proactive skills development policy and system to produce our own technical and professional staff.



- Construction projects driven by an integrated and robust planning system and coordinating machinery which will also make possible a greater degree of accountability built into the project management system, a much speedier throughput time for project execution whilst maintaining quality and remaining within budget; and also enabling us to budget realistically and to spend that budget.
- Restoring the Department back to financial health to ensure accountability, transparency, credibility and compliance with an emphasis on addressing organisational deficiencies, Supply Chain Management practices as well as the Immovable Asset Register.

The above interventions are a concrete expression that as a Department we will continue striving towards improving service delivery in the context of Government's priorities through our mandate. In conclusion, I would like to thank the Deputy Minister for his continuous support. I also have confidence in everyone within the Department under the leadership of the Director – General to work committedly with greater vigour and excellence to pursue all of the Government's objectives outlined in the MTSF as well as to implement the plans outlined in the Annual Performance Plan.

Mr. TW Nxesi, MP
MINISTER
DEPARTMENT OF PUBLIC WORKS



Official sign-off

It is hereby certified that:

This Strategic Plan was developed by the management of the Department of Public Works under the guidance of Minister TW Nxesi taking into account all the relevant policies, legislation and other mandates for which the Department is responsible and thus accurately reflects the strategic outcome orientated goals and objectives which the Department will endeavour to achieve over the period 2014-2019.

Mr. C Mokgoro
Chief Financial Officer
Department of Public Works

Signature:

Mr. M Dlabantu
Director-General
Department of Public Works

Signature:

Mr. J P Cronin, MP
Deputy Minister of Public Works

Signature:

Approved by:

Mr. T W Nxesi, MP
Minister of Public Works

Signature:



Official sign off


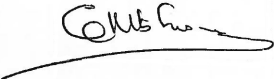








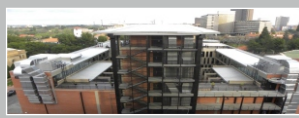
EXCO MEMBERS	
	<p>M Govender Team Leader and Facilitator: Business Improvement Unit</p>
	<p>C Mtshisa Act Deputy Director-General: Corporate Services</p>
	<p>P Chiapasco Act Deputy Director-General: Asset Investment Management</p>
	<p>S Subban (Ms) Deputy Director-General: Inner City Regeneration</p>
	<p>M Mabuza Deputy Director-General: Key Account Management</p>
	<p>M Gwazube Deputy Director-General: Projects</p>
	<p>L Bici (Ms) Deputy Director-General: Special Intervention Projects</p>
	<p>B Matutle Deputy Director-General: Regional Coordination</p>
	<p>S Henderson Deputy Director-General: Expanded Public Works Programme</p>
	<p>M Fatyela-Lindie (Ms) Act Deputy Director-General: Policy</p>



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Glossary

ACRONYM	FULL DESCRIPTION
AFS	Annual Financial Statement
AGSA	Auditor General South Africa
APP	Annual Performance Plan
ARM	Asset Register Management
ASA	Agrément South Africa
ASGISA	Accelerated and Shared Growth Initiative for South Africa
ASIDI	Accelerated School Infrastructure Delivery Initiative
BAS	Basic Accounting System
BBBEE	Broad-Based Black Economic Empowerment
BCP	Business Continuity Plan
BEE	Black Economic Empowerment
BEPs	Built Environment Professions
BER	Bureau of Economic Research
BRICS	Brazil, Russia, India, China and South Africa
C-AMP	Custodian Asset Management Plan
CAPEX	Capital Expenditure
CBE	Council for the Built Environment
CBOs	Community Based Organisations
CCC's	Construction Contact Centres
cidb	Construction Industry Development Board
CIP	Contractor Incubator Programme
CoGTA	Department of Cooperative Governance and Traditional Affairs
CPD	Continuous Professional Development
CPI	Consumer Price Inflation
CRM	Client Relationship Management
CSIR	Council for Scientific and Industrial Research
CWIP	Capital Works Implementation Programme
CWP	Community Works Programme
DAC	Department of Arts and Culture
DAFF	Department of Agriculture, Forestry and Fishery
DCS	Department of Correctional Services
DoD	Department of Defence
DDG	Deputy Director General
DoH	Department of Health
DHA	Department of Home Affairs
DoJ & CD	Department of Justice and Constitutional Development
DIRCO	Department of International Relations and Cooperation
DoL	Department of Labour
DMS	Document Management System
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DPWNIF	Department of Public Works National Intergovernmental Forum
DRC	Democratic Republic of Congo
DRDLR	Department of Rural Development and Land Reform
DRDLR-VTT	Department of Rural Development and Land Reform- Variation Task Team
DST	Department of Science and Technology



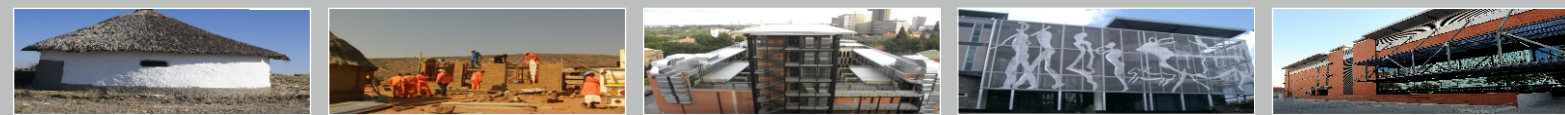
ACRONYM	FULL DESCRIPTION
DWA	Department of Water Affairs
ECD	Early Childhood Development
ECSA	Engineering Council of South Africa
EDMS	Employee Development and Management System
EEC	Economic and Employment Cluster
EHW	Employee Health and Wellness
ENE	Estimates of National Expenditure
EPWP	Expanded Public Works Programme
EXCO	Executive Management Committee
EU	European Union
FETs	Further Education and Training
FM	Facilities Management
FTE	Full Time Equivalent
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
G&A	Governance and Administration
GC	Government Component
GIAMA	Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007)
GIS	Geographical Information System
GITC	GIAMA Implementation Technical Committee
GRAP	Generally Recognised Accounting Practice
HCBC	Home Community Based Care
HO	Head Office
HOD	Head of Department
HR	Human Resource
HRD	Human Resource Development
IA	Internal Audit
IAR	Immovable Asset Register
ICT	Information Communication & Technology
IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
Idt	Independent Development Trust
IFMS	Integrated Financial Management System
IGP	Integrated Growth Plan
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
IRMF	Integrated Risk Management Framework
ITAC	Information Technology Acquisition Centre
IT	Information Technology
ITP	Information Technology Procurement
KAM	Key Account Management
LOGIS	Logistical Information System
MoA	Memorandum of Agreement
M&E	Monitoring and Evaluation
MIG	Municipal Infrastructure Grant
MINTOP	Minister and Top Management
MIS	Management Information System
MPAT	Management Performance Assessment Tool



ACRONYM	FULL DESCRIPTION
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MoU	Memorandum of Understanding
NCDP	National Contractor Development Programme
NDP	National Development Plan
NEDLAC	National Economic Development And Labour Council
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organisations
NIMS	National Infrastructure Maintenance Strategy
NPOs	Non-Profit Organisations
NT	National Treasury
NYS	National Youth Service
OAG-IAMTT	Office of Accounting General-Immovable Asset Management Task Team
OHSA	Occupational Health and Safety Act
OPEX	Operational Expenditure
OSD	Occupation Specific Dispensation
PBB	Performance Based Building
PCC	Property Charter Council
PCDF	Provincial Contractor Development Forum
PFMA	Public Management Finance Act, 1999 (Act No. 1 of 1999) as amended
PICC	Presidential Infrastructure Coordinating Commission
PIP	Property Incubator Programme
PMDS	Performance Management and Development System
PMIP	Planned Maintenance Implementation Programme
PMIS	Property Management Information System
PMTE	Property Management Trading Entity
PPM	Portfolio Performance and Monitoring
PPS	Property Performance Standards
RMC	Risk Management Committee
RPL	Recognition of Prior Learning
SACAP	South African Council for the Architectural Profession
SACLAP	South African Council for the Landscape Architectural Profession
SACPCMP	South African Council for the Project and Construction Management Profession
SACPVP	South African Council for the Property Valuers Profession
SACQSP	South African Council for the Quantity Surveying Profession
SADC	Southern African Development Community
SAIA	South African Institute of Architects
SALGA	South African Local Government Association
SAPOA	South African Property Owners Association
SAPS	South African Police Services
SAPTG	South African Property Transfer Guide
SARB	South African Reserve Bank
SARS	South African Revenue Services
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDF	Spatial Development Framework



ACRONYM	FULL DESCRIPTION
SDIP	Service Delivery Improvement Programme
SDS	Service Delivery Standards
SIP's	Strategic Integrated Projects
SLA	Service Level Agreement
SMS	Senior Management Services
SOE's	State Owned Entities
SONA	State of the Nation Address
SP	Strategic Plan
SPM	Strategic Performance Management
TA	Technical Assistance
ToR	Terms of Reference
U-AMP	User Asset Management Plan
UIF	Unemployment Insurance Fund
URS	User Requirement Specification
US	United States
VPN	Virtual Private Network
WBS	Web Based Reporting System
WCS	Works Control System
WSP	Workplace Skills Plan



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PART A: **Strategic overview**





Part A: Strategic overview

1. Vision

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

2. 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;*
- *providing strategic leadership to the South African Construction and Property industries.*

3. 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.

4. Strategic outcome orientated goals

In executing its mandate, the Department has identified five strategic outcome orientated goals that define its direct service delivery responsibilities. These goals, which are linked to the mission, are:



Table 1: Strategic outcome orientated goal 1

Strategic goal 1	An efficient, competitive and responsive accommodation infrastructure network
Goal statement	Manage the life cycle of immovable assets under the custodianship of the Department effectively and efficiently.
Justification	The Department provides accommodation infrastructure, other social structures, professional services and expert advice to user departments for service delivery purposes.
Links	South Africa needs to invest and manage a strong infrastructure network designed to support the country's long term economic and social objectives as outlined in Outcome 6 and Outcome 12.

Table 2: Strategic outcome orientated goal 2

Strategic goal 2	Strategic leadership and regulation of the construction and property sectors to promote economic empowerment and skills development
Goal statement	Provide leadership to the South African construction and property sectors whilst ensuring transformation and regulation thereof through the development of legislation and best practice guidelines.
Justification	The Department is responsible for regulating and promoting growth and transformation in the property and construction sectors.
Links	Through the development of legislation and best practices, the Department contributes to Government-wide goals of transformation and skills development (Outcome 5 – Sub outcome 7 and 9).

Table 3: Strategic outcome orientated goal 3

Strategic goal 3	Good corporate governance to support effective and efficient service delivery
Goal statement	Provide strategic leadership in ensuring effective governance, sound resource management and integrity of the operations of the Department.
Justification	Effective arrangements for governance and accountability are an essential prerequisite in achieving the Department's mission.
Links	The National Development Plan highlights the need for well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritizing the nation's developmental objectives.



Table 4: Strategic outcome orientated goal 4

Strategic goal 4	Decent employment through inclusive economic growth
Goal statement	Lead and coordinate the creation of additional employment opportunities through labour intensive delivery methods and skills programmes for the participation of the unemployed in delivering needed services and creation of assets.
Justification	The Department is responsible for the overall coordination of the Expanded Public Works Programme that is directed at providing work opportunities and income support to poor and unemployed people through the labour intensive delivery of public and community assets and services.
Links	It is a strategic intervention by Government to deal with the challenges of unemployment, poverty, inequality and creating a more inclusive society as outlined in Outcome 4 (sub outcome 8)

Table 5: Strategic outcome orientated goal 5

Strategic goal 5	Contribute towards comprehensive rural development
Goal statement	Improved land administration and spatial planning for integrated development in urban and rural areas.
Justification	The role of the Department is to unlock the potential of its collective asset base to stimulate local economy in meeting the accommodation requirements of its user departments through integrated development
Links	The strategic goal is linked to Outcome 7 in contributing towards Government's objective to develop rural areas.

5. Links to Government-wide plans

The Constitution requires that all spheres of Government work together and participate in the development of programmes to redress poverty, underdevelopment, marginalisation of people and communities, and other legacies of apartheid and discrimination. It is clear that the implementation of the strategic agenda of Government and national priorities requires an effective National Government, as well as the smooth functioning and careful synchronisation of the three spheres of Government.

The National Development Plan (NDP) contains proposals for tackling the problems of poverty, inequality and unemployment in the country. It is a roadmap to a South Africa where all South Africans will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment. Amongst the nine critical challenges identified in the NDP, of particular relevance to the Department are:

- Too few people work,
- infrastructure is poorly located, inadequate and under-maintained,
- spatial divides hobble inclusive development,
- public services are uneven and often of poor quality,
- corruption levels are high.



In the context of the NDP, Cabinet adopted a National Infrastructure Plan in 2012 to transform the economic infrastructure landscape while simultaneously creating significant numbers of new jobs, and strengthening the delivery of basic services. This Infrastructure Plan also supports the integration of African economies. The Presidential Infrastructure Coordinating Commission (PICC) is mandated by Cabinet to plan and coordinate the National Infrastructure Plan. Government is investing R827 billion in building new and upgrading existing infrastructures. These investments will improve access by South Africans to healthcare facilities, schools, water, sanitation, housing and electrification. On the other hand, investment in the construction and upgrading of ports, roads, railway systems, electricity plants and dams will contribute to faster economic growth. Eighteen Strategic Integrated Projects (SIPs) have been developed and approved to support economic development and address service delivery in the poorest Provinces. Each SIP comprises a large number of specific infrastructure components and programmes.

The Medium-Term Strategic Framework (MTSF, 2014 - 2019) builds on successes of the past 20 years of democracy and is the first five year building block of the NDP. The basic thrust of MTSF is to improve the living conditions of all South Africans and to build a better Africa and a better world. It is a statement of intent, identifying the development challenges facing South Africa and outlining improvements in the living conditions of South Africans for enhanced contribution to the cause of building a better world. The strategic focus of the MTSF (2014-2019) will not digress from the understanding that economic growth and development through sustainable job creation and investment in quality education and skills development, are at the centre of the Government's approach.

Directed by the mandate of the Department, attention is paid to four sector outcomes: decent employment through inclusive economic growth (Outcome 4), efficient, competitive and responsive economic infrastructure network (Outcome 6), comprehensive rural development (Outcome 7) and efficient, effective and development orientated public service (Outcome 12).

- **Outcome 4 (Chapter 3 of the NDP): Decent employment through inclusive economic growth.** The South African economy is characterised by low levels of labour absorption with low participation rates and high unemployment that is over-laid by an unequal distribution of income. The NDP Chapters 3 and 11 acknowledges that unemployment is likely to remain high in the medium to long-term, even in more favourable macro-economic scenarios. The NDP outlines two key objectives for the EPWP namely:
 - o To contribute to the reduction in unemployment by creating temporary employment in response to the number of unemployed South Africans. “The public employment programmes should target the creation of 2 million opportunities annually by 2020 or earlier, if possible.” “It is probable that most opportunities will be found in community-based care such as early childhood development.” (Chapter 3 of the NDP)
 - o To address gaps in social protection for the unemployed who have no access to UIF by providing income support to the unemployed (Chapter 11).

The EPWP and the Community Work Programme (CWP) continue to be an effective cushion for the poor and the youth. The fundamental objectives are to increase employment opportunities so that individuals, who cannot find work and/or have a low income, can earn an income and gain experience



and skills through productive work. Phase 3 of the EPWP which covers the period 2014/15 to 2018/19 aims to create 6 million work opportunities.

- **Outcome 6 (Chapter 4 of the NDP): An efficient, competitive and responsive economic infrastructure network**

SIP 17 will require the Department to continue prioritising infrastructure requirements at the Land Ports of Entry to facilitate cross border trade and strengthen regional socio-economic development and intra-continental linkages through partnering with other African economies on infrastructure development.

Infrastructure, in the form of public buildings, roads, water and sewerage systems, electricity and other services, supports quality of life and is the foundation of a healthy economy. Maintenance of such infrastructure was placed high on the developmental agenda as key to sustainable development and economic growth when Cabinet approved the National Infrastructure Maintenance Strategy (NIMS). NIMS is a co-ordinated programme of action to identify and analyse existing guidelines, norms and standards and standard operating procedures covering financial, technical and skills aspects relating to infrastructure maintenance for different strategic sectors. The Department is being supported by the Construction Industry Development Board (cidb) in leading the development and implementation of the NIMS strategy.

- **Outcome 7 (Chapter 6 of the NDP): Comprehensive Rural Development.** Rural development is a cross cutting mandate that requires significant institutional coordination for maximum impact. The Department will be collaborating with sector departments and rural municipalities to coordinate infrastructure planning and ensure maximum positive impact in rural areas by making public services more accessible with a particular focus on public services that are provided by the South African Social Security Agency, Department of Home Affairs, Department of Labour, South African Police Service and Department of Justice and Constitutional Development. The role of the Department is to unlock the potential of its collective asset base to stimulate the local economy in meeting the accommodation requirements of its user departments.

The Department is working towards the compilation of an integrated register of State immovable assets. The Department together with 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 State immovable assets. In view of the existence of legislation which empower other authorities in the National and Provincial sphere to control State immovable assets, mechanisms have been devised to bring all the role players together towards determining, amongst other things, the extent of State immovable assets.

The Department and the DRDLR have created an intergovernmental structure, currently known as the Provincial State Land Vesting and Disposal Committee (PSLVDC) with a view to coordinate immovable asset disposal processes as well as confirmation of vesting of all State immovable assets in the National and Provincial spheres.

- **Outcome 12 (Chapter 13 of the NDP): An efficient, effective and development orientated public service:** The Department as the custodian of a significant portion of the State's immovable assets ensures that immovable assets that are utilised for delivering various Government services



yield functional, economic and social benefits to the State. The Department provides office, functional and official residential accommodation and ensures optimal utilisation of immovable assets that contribute to improved service delivery. Through the development of the Custodian Asset Management Plan and the User Asset Management Plan as principle strategic planning instruments, the Department provides accommodation to user departments that promotes integration, accessibility, sustainability, environmental sensitivity, economic growth and social empowerment.

The Department indirectly contributes to the following Government priorities in the MTSF and NDP

- Outcome 1 (Chapter 9 of the NDP): Quality basic education.** To ensure that learners are schooled in a proper learning environment, the PICC has launched a National School Build Programme (SIP 13) to replace inappropriate school buildings and to address the infrastructure backlogs by refurbishing and rebuilding schools and associated services. The Department in collaboration with the Department of Basic Education (DBE) will be working toward addressing the inappropriate infrastructure starting with 36 schools in 2014/15 as well as making aesthetic improvements to 915 schools within the DBE school beautification programme.
- Outcome 5 (Chapter 9 of the NDP): Skilled and capable workforce to support an inclusive growth path.** The Department has a combination of development programmes for built environment professionals and other professions such as the young professionals programme, internship programme, learnership programme and artisan programme. In its endeavour to address the throughput of Built Environment Professionals (BEPs) in the sector, the Department has taken a comprehensive approach to skills development interventions as articulated in the Council for the Built Environment (CBE) skills pipeline proposal. This approach will ensure that the Department takes a central role in the supply of built environment skills. Participating candidates will be involved in a structured programme where they will gain valuable on-the-job experience. It provides the foundation for a challenging and rewarding professional career in the built environment.
- Outcome 8 (Chapter 8 of the NDP): Sustainable human settlements and improved quality of household life.** The apartheid legacy of spatially marginalising the poor has meant that people live far from job opportunities and major services in “dormitory” type residential areas. Many South Africans continue to survive without basic services in informal settlements. Individuals who have jobs find it difficult to access subsidised houses on the one hand and mortgage products from commercial banks on the other.

The Inner City Regeneration Programme of the Department ensures integrated planning of infrastructure and urban efficiencies by aligning and consolidating Government services to reduce costs associated with accessing public services, particularly by those who live in remote areas. By making public services accessible, in close proximity to rural areas, Government will positively contribute to the livelihoods of the poor. In addition, the Department will release well located land and properties for developmental purposes to the Department of Human Settlements.

- Outcome 10 (Chapter 5 of the NDP): Protect and enhance our environment assets and natural resources.** The Department will continue to implement its green buildings framework over



the MTEF period in line with Government's transition to a low-carbon, resilient economy to mitigate the effects of global warming through the energy efficiency, water efficiency and waste management programmes.

- **Outcome 14 (Chapter 15 of the NDP): National building and social cohesion.** The Inner City Regeneration Programme is aimed at providing effective accommodation of user departments in the Tshwane Inner City whilst contributing appropriately towards the future of the City of Tshwane as the nation's capital. The Programme aims to vest the Government estate within planned Government precincts for which a master planning progress is undertaken. As part of the partnership with the City of Tshwane, the Department will remain involved in projects of the City aimed at improving traffic flow, parking facilities, transport patterns, urban management improvements and improving the city-scape, through building projects in order to create a more functional and aesthetically pleasing inner city.

6. Legislative and other mandates

The legislative mandate of the Department is based on Schedule 4 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). As set out in the Public Finance Management Act, 1999 (Act No. 1 of 1999) and other policies and enactments such as the Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007) governing efficient and effective management of immovable assets, the Department is mandated as the custodian and portfolio manager of a significant portion of the National Government's immovable assets. This includes the provision of accommodation; rendering of expert built environment services to user departments at National Government level and the planning, acquisition, management and disposal of immovable assets under the custodianship of the Department. In addition, the Department is mandated to coordinate and provide strategic leadership in job creation through the implementation of the EPWP. Through a range of legislative instruments, the Department regulates the construction and property industries.

Through the Independent Development Trust (IDT), the Department supports all tiers of Government in the implementation of the national development agenda, in particular the eradication of poverty, employment creation, and the creation of sustainable and cohesive communities through the provision of social infrastructure. The Department, through Agrément South Africa (ASA) facilitates the introduction, application and utilisation of innovation and technology development in the construction industry by providing assurance of fitness-for-purpose of such technologies.

6.1. Constitutional mandates

The Constitutional mandate of the Department is provided for in Schedule 4, Part 4, to the Constitution: 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.

6.2. Legislative mandates

The mandate of the Department is primarily governed by the Government Immovable Asset Management Act, 2007. This Act aims to ensure efficient and effective immovable asset management in National and Provincial Government in order to improve service delivery.



Further, the Department regulates the construction industry and built environment through the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000), the Council for the Built Environment Act (Act No. 43 of 2000) and the six Professional Council Acts that regulate the six Built Environment Professions (BEPs).

In addition to the above, there are various Acts listed in Annexure A that outline the key responsibilities placed on the Department.

6.3 Policy Mandates

6.3.1 DPW White Paper: Public Works, Towards the 21st Century, 1997

The White Paper, 1997, documented the challenges facing the Department and serves as an overarching policy framework for the Department's restructuring to contribute more effectively to Government's socio-economic objectives by becoming a client-orientated organisation focusing on policy and service reform; property investment, property and facilities management and the implementation of National Public Works Programmes.

6.3.2 DPW White Paper: Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, 1999

The White Paper sets out Government's policy objectives for the construction industry focusing on enhanced delivery, greater stability, improved industry performance, value for money and the growth of the emerging construction sector.

6.3.3 Construction Sector Transformation Charter, 2006:

The Charter aims to, inter alia:

- provide to the construction sector the first quantitative method for monitoring and evaluating the progress of an enterprise towards BBBEE and thereby contribute to ending the malpractice of fronting;
- expand the employment potential and absorption capacity of the sector using labour-intensive approaches where economically feasible and possible; and
- address skills development in a manner that accelerates the advancement of black people, black women and designated groups with a particular emphasis on learner-ships as well as technical and management training.

6.3.4 Property Sector Transformation Charter, 2007:

The Charter aims to promote the objectives contained in section 2 of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) as these relate to the Property Sector and in particular, but without limitation, to inter alia:

- promote economic transformation in the Property Sector in order to enable meaningful participation of black people and women;
- unlock obstacles to property ownership and participation in the property market by black people;
- promote property development and investment in under-resourced areas which enhance basic infrastructure, encourages investment and supports micro and small enterprises; and
- facilitate the accessibility of finance for property ownership and property development.



The role of the Department is to monitor the implementation and promote compliance of both Charters throughout Government.

6.3.5 DPW Broad-based Black Economic Empowerment Strategy, 2006

This strategy guides the Department to give effect to the Broad-based Black Economic Empowerment Act, 2003 by addressing enterprise development, preferential procurement, skills development and employment equity.

6.3.6 Property Management Strategy on BBBEE, Job Creation and Poverty Alleviation, 2007:

The objective of the strategy is to:

- address skewed property and equity ownership in the property industry in the country; and
- promote black participation in the property industry through management, control and procurement which is imbalanced within the public and private sector property environment.

6.3.7 Green Building Framework, 2011

This Framework demonstrates the Department's commitment towards addressing key elements in Government's New Growth Path and Industrial Policy Action Plan with specific reference to promoting sustainable development, reducing greenhouse gas emissions, promoting energy efficiency, new green industries, etc.

6.4 Relevant court rulings

6.4.1 Name of court case: Azcon Projects CC vs The Minister of Public Works and three others – Case no: 576/11 (Eastern Cape High Court, Mthatha)

The applicant obtained an order reviewing and setting aside the awarding of the Tender MTHPCOL and ordering the Department to reconsider the tender. The Department had disqualified the bidder on the basis of an outstanding tax clearance certificate. The court order had an adverse impact on service delivery as the project, which involved the renovation of the Mthatha Central Police Station, was put on hold pending the conclusion of the litigation process, which effectively lasted for a year. The judgement for the case reinforces the fact that the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000), should be strictly followed in the procurement process.

6.4.2 Name of court case: Anton van Kaampen vs The Minister of Public Works – Case no: 2845/12 (Magistrate's Court, Newcastle)

The applicant obtained an eviction order against the Department in respect of a building occupied by the SAPS. The lease had expired in respect of the relevant premises and the Department owed rentals on the property. Consequently, SAPS were locked out of the premises which resulted in SAPS having to work from their official vehicles. The implication of the judgment is that backlog in the leasing portfolio is impeding service delivery of user departments.



6.5 Planned policy initiatives

The changing environment affecting the Department necessitates a review and/or development of the following policies and legislation to give effect to the Department's mandate and to enhance its operational efficiencies:

- 6.5.1 Review of the Department's White Papers: "Public Works towards the 21st century, 1997; and Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, 1999" to assess the extent to which the policy positions in the White Papers have been achieved, and their relevance in realising Government's national priorities as articulated in the NDP, New Growth Path and the National Infrastructure Plans. The review will update and improve policy goals and approaches to address the current developments within the local and global construction and property industries. The review will lead to affirming the Department's mandate through the development of a Public Works Act,
- 6.5.2 establish Agrément South Africa (ASA) as a public entity mandated to assess non-standardised and/or unconventional construction products, materials and systems fit for purpose,
- 6.5.3 develop a draft Built Environment Professions (BEP) Policy towards possible amendments to the legislative framework governing the BEPs to:
 - address challenges in the functioning and regulation of these professions, and
 - grow and transform the BEP sector,
- 6.5.4 promulgation of a new Expropriation Act (repealing the Expropriation Act 63 of 1975) to ensure consistency with the Constitution and uniformity in the expropriation of property by all expropriating authorities,
- 6.5.5 develop legislation to establish the Independent Development Trust (IDT) as a public entity to support the State in the delivery of social infrastructure,
- 6.5.6 develop a Green Building Policy and Strategy for the Department to give effect to Government's green economy initiatives.

7. Situational analysis

7.1 External environment

7.1.1 Global economic outlook

The global economic recovery path remains uneven, as growth in developed economies improves modestly, while growth in developing economies moderates. Nonetheless, the economic expansion in developing economies is expected to continue to exceed that of developed economies over the medium-term. The International Monetary Fund (IMF) expects economic growth in emerging and developing countries of 4.5% in 2013, down from 4.9% in 2012. Advanced economies are expected to grow by 1.2% during 2013, from 1.5% in 2012. Overall, the IMF forecasts that the rise in global output will slow from 3.2 per cent in 2012 to 2.9



per cent in 2013. However, global growth is expected to accelerate to 3.6 per cent in 2014. Economic output is expected to increase at an average of 4.1% between 2015 and 2018 led by more robust growth in advanced economies (2.5% on average between 2015 and 2018 compared to 1.6% between 2011 and 2014). Growth in emerging and developing economies is expected to remain flat (5.4% between 2015 and 2018 compared to 5.2% between 2011 and 2014).

The short-term risks to the global outlook remain tilted on the downside. Economic and financial conditions in the Eurozone remain fragile and growth in developing economies continues to be weaker than expected. In addition, the further fiscal deadlocks in the United States and the gradual withdrawal of expansive monetary policy could also negatively affect global economic growth. The latter, in particular, could likely have adverse implications for emerging markets.

7.1.2 Economic growth in South Africa

After emerging from recession in late-2009, growth in the South African economy has yet to gain momentum. Growth has averaged just 2.8% between 2007 and 2012, peaking at 3.5% in 2011. In addition to the slow recovery, the economic environment for 2013 remains weak. This weakness is primarily due to the more restrained global economic environment, but also as a result of domestic issues not least the labour unrest and the subdued business confidence. Overall, growth is expected to be below potential for most of the next five years, averaging 3.2% over the period.

Consumer spending which is the biggest component of demand in the economy, is expected to remain under pressure in 2013. This is mainly as a result of slower growth in real disposable income and high levels of household debt (and reduced access to credit). However, household spending is expected to recover in 2014 as real wages rise more noticeably on the back of increased employment as of the second half of 2014. Growth in consumer spending is predicted to remain rather flat between 2015 and 2018. A key constraint to more robust growth in consumer spending is the tepid growth in employment (although it has improved somewhat). Growth in formal employment is forecasted to slow to 0.6% in 2013 from 1.9% in 2012.

A mild uptick in employment to 1.2% is expected in 2014. Nevertheless, overall job growth is expected to average only 1.4% over the five years from 2013 – 2018. As a result, the unemployment rate is expected to remain largely unchanged (at a relatively high level) over the period.

Gross fixed capital formation (fixed investment), like consumer spending, remained under pressure during 2013. Following growth of 5.7% in 2012, the pace of fixed investment is forecasted to slow to 3.6% in 2013. This is mainly as a result of a moderation in investment by the public (general Government and public corporations) and the private sector. Inefficiency in certain public sector entities, combined with fiscal pressures, will likely see fixed investment by the public sector remain weak through to 2015, before accelerating between 2016 and 2018. However, private sector investment is expected to increase between 2013 and 2015 as global markets improve and domestic policy uncertainty wanes after the 2014 national elections.



Increased industrial action may also see firms opt for increased mechanisation to boost production as opposed to employing more labour. Growth in private fixed investment is forecasted to ease between 2016 and 2018. Overall, fixed investment growth over the next five years (2013 – 2018) is expected to be weaker at around 4.4% compared to the preceding period (2007 – 2012) when fixed investment averaged 5.1%.

Exports have recovered quite nicely in 2013 (especially relative to imports). Data shows export growth of 5.7% on average for the first half of 2013, from 0.1% in 2012. This growth was largely supported by a modest revival in advanced economies growth, a weaker rand and commodity prices. At the same time, import growth rose by much less (from 6.3% in 2012 to 7.1% on average during the first half of 2013). Overall, the expectation is that exports will grow at an average rate of 4.9% between 2013 and 2018 while imports are predicted to increase on average by 6% over the same period. Despite imports growing at a faster pace than exports, the relative gap between the two is expected to be narrower (1.1 percentage points between 2013 and 2018 versus 3.2 percentage points between 2007 and 2012), thus supporting growth somewhat more than previously. However, this is not enough to materially reduce the current account deficit. The deficit on the current account, as a percentage of GDP, is forecasted to remain above 5% through until 2018.

According to the Bureau for Economic Research (BER), domestic constraints and the more modest potential growth rates in key developed countries argue against South African growth returning to the 4-5% range over the next number of years. For this to happen, Government will need to implement important structural reforms. These include increased labour market flexibility and reform of product markets to increase domestic competition.

7.1.3 Inflation, rand and the interest rate

Inflation in South Africa has remained relatively benign over the past few years, having only briefly broken through the South African Reserve Bank's (SARB) upper inflation target before returning to below 6%. However, looking ahead, inflation is expected to remain under pressure. In the short-term, this pressure would likely emanate from the sustained weakness of the rand, coupled with above inflation wage increases. Over the medium-term, increased commodity prices on the back of more robust global economic growth should keep inflation higher. For the period 2013 to 2018, consumer price inflation (CPI) is expected to average 5.6%, lower compared to the average of 6.6% registered between 2007 and 2012.

A combination of concerns regarding the domestic labour market as well as the availability of liquidity (especially that flowing into emerging markets) has seen the rand depreciate by more than 25% against the US dollar for the year ending October 2013. The rand is expected to steadily appreciate against the US dollar through 2014 as risk aversion cools (with improved global growth) and the labour environment becomes less adversarial. However, from 2015 the rand is forecast to come under renewed pressure when interest rates are expected to rise given the persistence of structural weaknesses such as the current account deficit.

As a result of the increased upside risks to inflation, especially those emanating from the weaker currency, the Monetary Policy Committee (MPC) raised the repo rate by 50 basis



points (bps) in January 2014. The factors resulting in the increase in repo rate are likely to remain of concern during the first half of 2014. That being said, the SARB may pause and see if the increased inflation pass-through materialises. There should be sufficient evidence of this at the time of the MPC meeting in March 2014. The MPC may likely increase the repo rate by a further 100 basis points during the first half of 2014. A further 50bps rate increase is also expected in the first half of 2015. Thereafter interest rates are expected to remain stable until 2018.

7.1.4 Building and construction sector

The building and construction sector is currently experiencing a modest revival. Building confidence in 2013, quarter 3, was at its highest level in five years and construction confidence has been hovering around the neutral 50-index point mark for the past few quarters. However, there is no evidence that the sector's performance will emulate that of the mid-2000s when growth in both building and construction reached double digit figures. In fact, as far as building investment is concerned, especially residential investment, the oversupply created in those boom years has yet to be fully absorbed. This is reflected by the sub-par performance of the housing market (with the exception of Government investment into housing) despite an environment of record low interest rates. Residential investment is expected to remain weak in 2013 with Government housing slowing and private sector investment staying largely flat. However, a mild improvement is expected in 2014 as household income increases and mortgage finance becomes more readily available. Overall, residential investment is anticipated to increase at an average rate of 2.8% between 2013 and 2018.

The non-residential market is faring slightly better. This is largely due to Government investment that accelerated notably in 2011 although growth slowed somewhat in 2012. However, looking ahead, growth in non-residential building will likely come from the corporate sector as the demand for office blocks and manufacturing capacity increases along with the increase in economic activity internationally and domestically. Non-residential building investment is forecast to grow at 3.7% between 2013 and 2018, marginally down from the 4.0% average recorded between 2007 and 2012.

The short-term prospects for the civil construction sector are more downbeat. After accelerating by 3.7% in 2012 from 1.7% in 2011, growth is expected to average only 3.3% between 2013 and 2015. Most of this slowdown in construction demand stems from the predicted moderation in investment spending by the public sector as delays in key infrastructure projects and the slow uptake of new projects weighs. However, growth is expected to improve significantly beyond 2015 as fiscal pressures ease. As a result, construction demand is forecasted to pick up, likely averaging just under 5% between 2016 and 2018.



Table 6: Forecast for selected variables

	2012	2013	Average 2009 - 2012	Average 2013 - 2018
Final household consumption expenditure	3.5	2.5	3.2	3.6
Gross fixed capital formation	5.7	3.6	5.1	4.4
Residential investment	3.1	-0.1	-5.9	2.8
Non-residential investment	1.7	1.8	4.0	3.7
Construction works	3.7	2.6	15.9	4.1
Gross domestic expenditure (GDE)	4.1	2.6	3.6	3.7
Exports	0.1	5.4	-0.1	4.9
Imports	6.3	6.4	3.1	6.0
Gross domestic product (GDP)	2.5	2.0	2.8	3.2
Interest rate	8.80	8.50	11.3	9.6
Inflation	5.6	5.9	6.6	5.6
Employment (formal and informal)	1.9	0.6	1.1	1.4
R/\$ (year average)	8.21	9.98	7.75	10.04

(Source: BER)

7.1.5 Perceived risks to the outlook:

According to the BER, the risks to the economic outlook remain mixed, although still tilted towards the downside. Key risks include:

- Private sector job creation which may remain poor amid continued strained industrial relations. This, combined with weaker public sector job creation due to strained Government finances, may see the overall employment situation deteriorate further,
- the threat that the rand could depreciate even further than forecast should foreign investors perceive reluctance from Government to adopt structural reforms to lift South Africa's long term growth potential,
- further credit ratings downgrades if Government is unable to manage the ratio of consumption (the Government wage bill in particular) to investment spending. This would raise the borrowing cost of Government and state owned enterprises.

7.2 Internal environment

The Department is the custodian and manager of a significant portion of National Government's immovable assets. This function includes the provision of accommodation for user departments, rendering expert built environment services, acquisition, management, maintenance and disposal of immovable assets. In line with the NDP, the Department recognises the role played by user departments to deliver services, grow the economy, create employment and reduce poverty through



the provision of various services that require suitable accommodation for delivery of these services.

Government is confronted with service delivery expectations, which have to be matched with an efficient and effective use of limited resources within a framework of promoting Government's objectives. Immovable assets are instrumental in delivering services and contributing towards the attainment of Government's objectives. Given their strategic significance, and their impact on macro-economic, socio-political and physical landscape of South Africa, there is a continuous need for managing these immovable assets uniformly, efficiently and effectively.

As the custodian and manager of a significant portion of Government infrastructure in South Africa, the Department plays a critical role in providing an enabling environment for the effective implementation of social and economic development. Its mandate is governed largely by the Government Immovable Asset Management Act of 2007 (GIAMA). The White Paper on Public Works gazetted in 1997 reinforced the role of the Department as an enabler of sustainable economic growth through infrastructural development, a leader in transforming the construction and property sectors and the lead coordinator in leveraging State funding for job creation through public works programmes.

The Department plays a central role in infrastructure development; however service delivery standards have deteriorated over the years resulting in a decline in public confidence to execute this mandate. The lack of effectiveness and efficiency in executing this mandate has become the hallmark which the Department has begun reversing.

Despite resource constraints, significant progress has already been made in the overhaul of the Immovable Asset Register, the review of leases and lease management processes, addressing the Auditor General's findings (with notable improvement in the quality of financial and performance reports) and the operationalisation of the PMTE. The operationalisation of the PMTE is a critical and high-profile component of the Turnaround Strategy responsible for the State's immovable assets, providing property management, facilities management and other services, including management of a GRAP-compliant financial system.

The general constraints impacting performance of the Department in the 2013/14 financial year relates to inadequate capacity in critical areas of the business, fragmented ICT systems that compromise data integrity resulting in under-reporting, weak processes and procedures within Supply Chain Management and misalignment between expenditure and performance. Although these areas have been cited as constraints, some progress has been achieved in areas such as ICT and Supply Chain Management through the turnaround process.

7.2.1 Information Communications Technology (ICT)

Key ICT challenges

There are currently no modelled, mapped and clear core business processes with related policies and procedures, for example in the leasing environment, which compromises a holistic view of requirements from user departments. As a result the current systems are not in congruence with business requirements. There is a lack of intelligent reporting such as a centre of excellence which will empower business with dashboards to predict trends and future interventions. The business lacks a coherent collaboration and information sharing platform, hence no single customer relationship strategy exists. Current databases such as the



Immovable Asset Register are not fully populated with additional data for managing facilities and until these baseline datasets are cleaned, it will be difficult to process an integrated enterprise.

Inadequate alignment of business needs and ICT priorities has resulted in multiple disparate systems which creates its own complexities in costs and management. This is further exacerbated by the absence of Business - ICT liaisons roles within ICT to manage business relations and demand business needs to ensure continuous alignment between ICT and the business of the Department. The Department has weak governance and project delivery based on an inadequate skillset which hampers both the ICT transformation and assisting the business to develop a framework for reference. There is no innovation capability which hampers overall ICT delivery for the business. Lack of core systems foundation to support core capabilities and integration of systems as well as poor management of day-to-day security management has resulted in a weak ICT foundation. Current systems expire as a result of not being fully utilised by business units and this contributes towards non-delivery.

Current ICT interventions

Infrastructure upgrade - The current interventions include a rapid upgrade of Local Area Network switches and support upgrade as well as adding redundancy and resiliency. This includes upgrading the voice infrastructure and video conferencing. This will enable seamless communication between all Regional Offices and enable movement to any site and allow logon. In addition the Department will upgrade the current server farm at each Regional Office with upgrade of communication links between the sites.

Application software upgrade - The user environment is also being upgraded with migration to biometric access per user for logon to the Department's network. This will allow baseline communication between end users for office automation access.

The Business Application Stack intervention includes:

- The IE Works platform will be implemented in 2014 on the new data centre with a focus to get all Regional Offices to cutover to the new platform and to migrate the PMIS database to the new IE Works system.
- Upgrading of the EPWP application to a new enhanced system with mobility based enrolment for real time monitoring.
- The WCS system to be replaced and or refreshed with a new projects module and to integrate with and source a single system for the PMTE.

Key other applications will also undergo a business analysis phase for future implantation. A new Disaster Recovery Plan / Business Continuity Plan site will be developed.

7.2.2 Supply Chain Management (SCM)

The SCM review which commenced in January 2013 created the opportunity to remodel the SCM system for the Department due to its poor performance as highlighted in the consecutive disclaimed audit opinions. Many issues contributed to this dilapidated state of SCM including



weak procedures and processes which resulted in unprecedented levels of fraudulent and corrupt practices evident in the SCM value chain. A clean audit project was initiated to fix up the finances of the Department and provide a tailored solution for SCM. The project has seen huge effort dedicated to the re-engineering of business processes and laying down basic rules and responsibilities in order to get the SCM system to an appropriate level of support to the core business functions.

Order and management control on all levels of the SCM value chain has been restored making it very difficult for corrupt practices to continue undetected. The Department's SCM Policy which dated back to November 2008 was reviewed and approved on the 18 December 2013. The review included a consolidation of all SCM circulars, instruction notes and guidelines issued. This policy places the Department in good stead with all the necessary regulatory requirements incorporated into a single reference document.

In order to improve basic efficiencies in the system, the redesigned SCM model defines dedicated streams, for Infrastructure Delivery, Property Management Services and the general Goods and Services to support its core business activities. Structures, processes and systems have been developed and mapped out to support the differentiated streams of SCM. Once this model is fully in place and the structures appropriately resourced, the efficiency and effectiveness of the SCM function within the Department is sure to continue in an upward trajectory.

7.2.3 Human Resources

The Department has a total post establishment of 6 818. 5 560 Positions are filled with 1 258 vacancies which translates to 18.5%. The total staff establishment includes 424 employees that are appointed additional to the establishment, which comprises of contract employees for the Turnaround Strategy, Young Professionals, Management Trainees, Technical Interns, Learners, Water Treatment Plant Operators and fixed term employment contracts. The high vacancy rate comprises of a high percentage of unfunded vacancies which resulted in the appointment of staff additional to the establishment.

Key challenges facing the Department in recruiting and retaining the required staffing skills in the areas of Professional Services, Construction and Project Management, Property Management is characterised by:

- Non-availability of professional and technical skills resulting in the non-filling of critical and scarce skills positions;
- Inability to attract and retain technical and professional skills due to the limitations of the Occupation Specific Dispensations;
- High competition with the private sector for the limited available skills;
- Generally the departmental compensation of employees' budget is not sufficient to cover the current commitments and filling of vacancies.



In addressing the above challenges, the Department is implementing a comprehensive 7 Year Turnaround Strategy. One of the key interventions under the Turnaround Strategy (Change Management Project) in the Human Resource environment includes:

- Development of a functional Human Resource Plan that will address the current and future capacity requirements of the Department which incorporates a clear Recruitment Plan.
- The review of the organisational structure to address misalignments, overlaps, lack of interface, introduce direct lines of accountability, provide additional capacity in core areas and alignment to baseline allocations.
- Building professional and technical capacity through the Young Professionals Capacity Development Programmes and the prioritisation of funds for the recruitment and appointment of technical and professional skills.
- Implementation of the recently developed Recruitment Policy and updated Human Resource Delegations.

7.2.4 Service Delivery Improvement

The Service Delivery Improvement Plan is recognised as a comprehensive plan of change required to develop a functional and effective organisation. The Service Delivery Improvement Plan is a focussed approach in ensuring continuous improvements in core functions of the Department incorporating activities included in the broad Turnaround Strategy. The Service Delivery Improvement Plan is underpinned by the need to address a number of key service delivery challenges and the need to adopt the Infrastructure Delivery Management System (IDMS) as the primary system for the delivery of infrastructure.

In addition to the Service Delivery Improvement Plan, the Department will establish a Service Delivery Improvement Model and Programme as part of Phase 2 of the Turnaround Strategy. The objective of the Service Delivery Improvement Model and Programme will be to review and revise the business model for the Department as a whole and to instigate changes in processes and procedures to support the business model to ensure an effective and efficient way of operating.

7.3 Performance environment

7.3.1 Status of the Department's immovable asset portfolio

The tables below provide statistical information on the national property portfolio, national leased portfolio, condition of National Government buildings and demand for new accommodation:

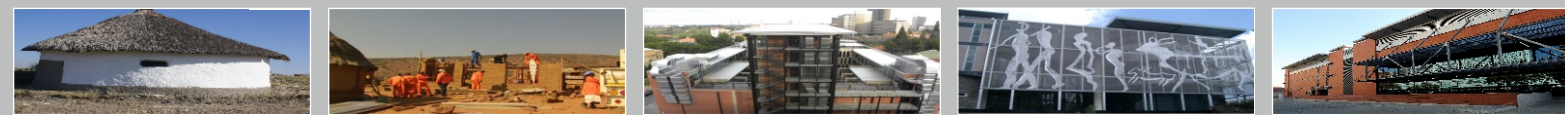


Table 7: Status of the national property portfolio

User department	Land				Building/Structures	
	Number of utilised land parcels	Extent of utilised land parcels (Hectares)	Number of unutilised land parcels	Extent of unutilised land parcels (Hectares)	Number of utilised buildings / structures	Extent of utilised buildings / structures (m ²)
South African Police Services	4 738	2 469 673	40	3 763	20 173	4 018 681
Defence	3 072	5 054 372	51	190	15 708	11 125 428
Correctional Services	1 066	106 327	7	71	6 587	3 498 848
Justice and Constitutional Development	1 971	1 315 168	22	1 442	5 117	1 196 654
Home Affairs	147	190 620	8	9	871	170 125
Labour	86	8 210	3	3	429	159 379
Other departments	23 551	7 840 817	1 539	152 857	10 573	2 468 972
Total	34 631	16 985 187	1 670	158 335	59 458	22 638 087

The above information was extracted from the Immovable Asset Register. The number of buildings is calculated per building within a complex/facility. The number of buildings does not include residential and miscellaneous properties. As part of the Turnaround Strategy, the Department embarked on a project to upgrade and enhance its Immovable Asset Register over a five year period. This project has already resulted in a significant improvement in the accuracy and reliability of the information on the Immovable Asset Register, particularly in respect of the extent of land parcels and buildings.

Table 8: The condition of National Government buildings occupied by user departments

User department	Condition of State Owned Buildings										Total	
	(Number and Percentage)											
	Very Good		Good		Fair		Poor		Very Poor			
	C5	C4	C3	C2	C1							
South African Police Services	43	3%	145	10%	1 014	70%	232	16%	14	1%	1 448	100%
Defence	1	0%	30	12%	190	79%	12	5%	9	4%	242	100%
Correctional Services	1	0.5%	11	5.8%	153	80.5%	20	10.5%	5	2.6%	190	100%
Justice and Constitutional Development	3	0.4%	103	14.1%	580	79.5%	35	4.8%	9	1.2%	730	100%
Other Departments	7	1.9%	86	23.2%	250	67.6%	21	5.7%	6	1.6%	370	100%
Unutilized	0	0%	0	0%	0	0%	0	0%	133	100%	133	100%
TOTALS	55	2%	375	12%	2187	70%	320	10%	176	6%	3113	100%

The table above represents the number of buildings in the Department's portfolio for which high-level condition assessments were conducted in the Custodian Asset Management Plan (C-AMP) of 2014/15.

- The Justice and Constitutional Development portfolio excludes condition ratings for all residential accommodation.



- The SAPS portfolio includes condition ratings for devolved police stations.
- The number of properties under the Defence portfolio is derived from the U-AMP 2012-2015 and includes residential units within complexes.
- Unutilised buildings comprise of offices only and reported at complex level.
- The Correctional Services portfolio excludes condition ratings for residential units both within and outside complexes.

7.3.2 Demand for new accommodation

The information provided in tables 9 and 10 is aligned to the User Asset Management Plan (U-AMP) and is subject to an options analysis. The U-AMP is the principle strategic planning instrument that guides and informs all immovable asset decisions by the user departments. It is expected of the custodian to assist the user department with property information, analysis thereof and alternatives in order to facilitate informed and effective decisions on the use and management of immovable assets. The custodian prepares a C-AMP with due regard to the U-AMPs, which is derived from the strategic plan of the custodian. The outputs of the infrastructure planning process are the U-AMP and the C-AMP.

Table 9: Demand for new space by user departments (Capital requirements)

User department	Area required (m ²)	Total needs (capital funds required)	2014/15		2015/16		2016/17
			MTEF requirements	Year 1	MTEF requirements	Year 2	MTEF Year 3 requirements
South African Police Services	460 000	R469 102 143	R122 430 229		R266 889 569		R79 782 345
Defence	12 948	R167 327 482	R38 317 582		R42 575 092		R86 434 808
Correctional Services	60 000	R2 496 314 000	R812 960 000		R819 948 000		R863 406 000
Justice and Constitutional Development	349 765	R3 021 670 298	R570 451 600		R808 854 480		R1 642 364 218
Home Affairs	2 795.63	R742 981 834	R675 106 113		R56 657 269		R11 218 452
Labour	18 188.04	R249 516 987	R127 273 567		R58 098 884		R64 144 536
Other Departments	253 494	R3 360 281 741	R876 872 301		R1 096 641 181		R1 386 768 259

Table 10: Demand for new space by user departments (Leasing requirements)

User department	Area required (m ²)	Total needs (Leasing funds required)	2014/15		2015/16		2016/17
			MTEF requirements	Year 1	MTEF requirements	Year 2	MTEF Year 3 requirements
South African Police Services	76 785	R299 130 062	R92 142 084		R99 513 451		R107 474 527
Defence	83 373	R160 394 771	R49 164 397		R53 345 182		R57 885 192
Correctional Services	183 545	R330 380 000	R103 555 000		R109 602 000		R117 223 000
Justice and Constitutional Development	253 729	R1 077 973 977	R318 176 043		R361 808 540		R397 989 394
Home Affairs	105 003	R426 233 971	R128 771 595		R141 648 746		R155 813 630
Labour	27 180	R126 385 921	R38 236 803		R41 975 908		R46 173 210
Other Departments	393 091.5	R2 231 245 158	R559 908 700		R810 021 653		R861 314 805



7.3.3 Addressing the demand for accommodation through private leases

The Department has a large immovable asset portfolio; however, the stock of properties is not fully utilisable given its condition, location, configuration and nature of buildings. The situation is exacerbated by inadequate funding to renovate, refurbish or reconfigure many of the immovable assets for other use. This leads to over-reliance on leased accommodation from the private sector, as indicated in the table below, which reflects office accommodation, official quarters and land leases to accommodate user departments.

Table 11: Status of the National Leased Portfolio

User department	Number of leases	Size (m ²)	Rental per annum	Average cost per lease/annum	Average cost per m ² /annum
South African Police Services	1 215	1 387 749	R821 419 099	R676 065	R591
Defence	200	2 756 871	R195 346 731	R976 733	R70
Correctional Services	152	217 999	R78 780 833	R518 294	R361
Justice and Constitutional Development	120	213 854	R231 135 595	R1 926 129	R1 080
Home Affairs	205	192 351	R191 171 579	R932 544	R993
Labour	209	117 298	R111 245 293	R532 274	R948
Other Departments	572	961 828	R1 080 945 586	R1 889 765	R1 123
Total	2 673	5 847 954	R2 710 044 720	R1 013 858	R463

*Rental per annum reflects a rental amount that excludes additional payments like parking, storage, Vat, etc. This information is extracted from the Property Management Information System (PMIS).

To address this challenge, the Department assisted by a usable Immovable Asset Register will perform a full analysis of the portfolio aimed at determining which assets are best suited to address the needs of the user departments. Utilising its disposal strategy, non-core immovable assets that cost Government large amounts of money without any returns will be re-commissioned either through market related renting or disposed at market prices. It is the intention of the Department that the portfolio will be balanced so that the over-reliance on leasing is addressed over the medium-term.

7.3.4 Addressing the demand for accommodation through new construction or refurbishment

The Department manages a diverse portfolio that includes specialised facilities such as prisons, military bases, magistrates' courts, police stations and office buildings. One of the key challenges in managing such facilities is the upgrading and maintenance of these assets to acceptable levels owing to inadequate condition assessments and their impact on statutory regulations such as the Occupational Health & Safety Act and Heritage & Environmental Acts.

Departmental building programmes pertaining to maintenance and capital works will continue to be implemented in the medium-term. Key projects will include the upgrading of facilities to ensure access to the disabled, the upgrading and construction of departmental offices, the



development of National Government precincts and the refurbishment of infrastructure related border post centres. These projects will be funded from the infrastructure budgets of the Department and user departments.

The Department has delivered a total of about 4 485 Capital and Maintenance projects in the past five years while confronting some difficult challenges. The delivery of these projects by the Department translates to a total actual expenditure of R24 969 602 926 in construction and planned maintenance budgets. The key challenges facing the Department in relation to construction and refurbishment projects are:

- No institutional structure to implement the Infrastructure Delivery Improvement Programme (IDIP),
- lack of resources in implementing construction projects in terms of numbers and skilled professionals, and
- inappropriate Supply Chain Management model and related problems in the value chain.

As part of the Turnaround Strategy the Department is addressing its service delivery challenges through the institutionalisation of IDIP and through the establishment of Programme Management Offices (PMO). The latter will be enhanced to be user department focussed so as to promote accountability. The reduction in ratio of Project Managers to projects from 1:20+ to 1:10 will better align to the industry norm which is 1:05.

Table 12: Capital expenditure for the period 2008/09 to 2012/13

Financial year	Capital Works (DPW)			Capital Works (User departments)			Planned Maintenance		
	Final allocation	Actual expenditure	%	Final allocation	Actual expenditure	%	Final allocation	Actual expenditure	%
2012/13	R999 254 000	R612 816 185	61%	R2 305 515 726	R1 665 908 719	72%	R2 436 601 305	R2 350 431 326	96%
2011/12	R1 443 945 000	R954 744 370	66%	R2 325 326 343	R1 787 047 339	77%	R2 388 362 999	R2 166 466 109	91%
2010/11	R1 375 982 000	R1 150 958 878	84%	R2 417 381 216	R2 176 178 704	90%	R2 014 198 980	R2 010 064 962	100%
2009/10	R1 220 639 000	R1 096 040 078	90%	R2 496 857 848	R2 409 777 094	97%	R1 849 737 761	R1 743 335 699	94%
2008/09	R1 132 019 000	R1 095 628 772	97%	R2 256 748 013	R2 280 793 537	101%	R1 598 229 000	R1 469 411 155	92%

7.3.5 Turnaround strategy

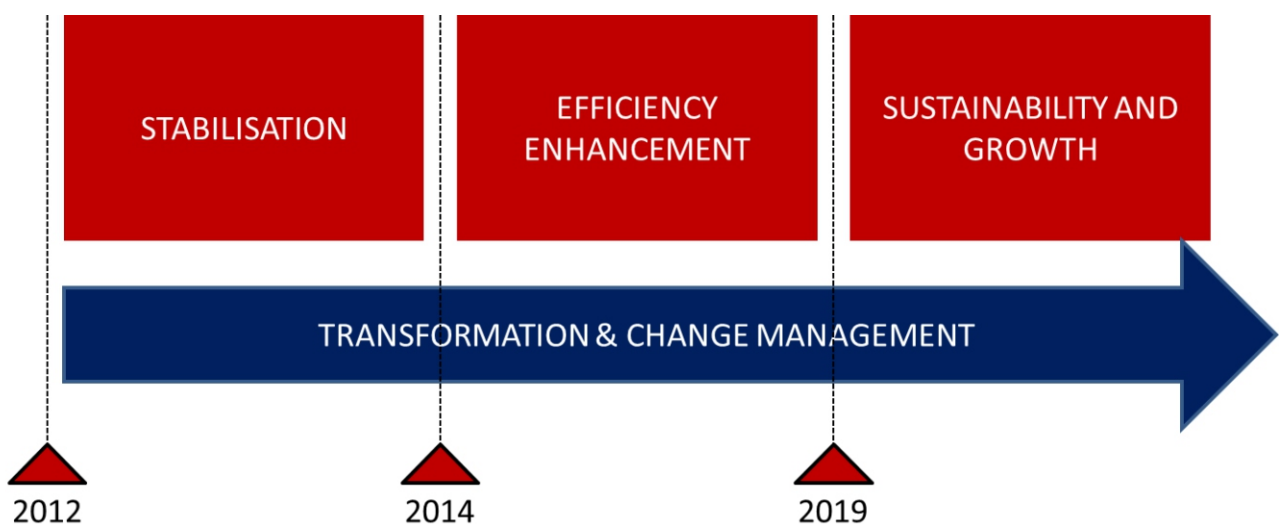
The Department launched a Turnaround Strategy in 2012 to address multiple issues of underperformance that ultimately resulted in progressively negative audit reports by the Auditor-General. The Turnaround Strategy was based on a rapid diagnostic report on the state of affairs within the Department, which was completed with the assistance of the Technical Assistance Unit (TAU) through National Treasury, in November 2011. The report and findings presented in January 2012 detailed all problems of mismanagement and misalignment and pointed to the need for fundamental reorganisation, whilst simultaneously stabilising the Department.

The Turnaround Strategy and its associated high-level project plan define the process of organisational review and renewal that will ensure compliance with the mandate and satisfactory audits. The Department in conjunction with TAU, have developed a 7 Year Plan to



rebuild the Department. This requires change of the organisational processes, systems and resource perspectives as well as change to the structure, organisational culture and proper implementation of a performance management system that affects all areas of the Department and the way in which business is conducted. Such change is informed by diagnostics, preceded by a range of system reviews. Key enablers throughout the three phases of the Turnaround Strategy will include Transformation and Change Management. Given the state of the Department the scale of the Turnaround challenge is enormous, which is exacerbated by inadequate capacity within the Department.

A 7 Year Turnaround Plan has been developed primarily to implement the Turnaround Strategy in three phases being:



7.3.5.1 Phase 1: Stabilisation

Significant progress been made in stabilising top leadership in the Department, which is part of the first phase of the Turnaround Strategy. Furthermore, a 7 Year Turnaround Plan has been developed with clear milestones to ensure systemic improvements across the Department. Strategically, the Business Improvement Unit (BIU) was created to manage and coordinate all business improvement interventions under the direct leadership of the Director-General.

A number of immediate actions were completed during the Stabilisation Phase based on both the need to address critical and foundational aspects as well as to have early successes that can be used to grow staff morale and act as a foundation for further improvement and success. It must be noted that some of the interventions, owing to both pragmatism and cost, became interim solutions, leaving longer-term solutions for subsequent phases. In tandem with the Stabilisation Phase, a long-term view of the Department was developed. This has structural and process implications, particularly relating to the implementation of the PMTE.

The following are the key achievements of Phase 1: Stabilisation Phase ending on 31 March 2014:



7.3.5.1.1 Operationalisation of the Property Management Trading Entity (PMTE) into a Government Component (GC).

The operationalisation of the PMTE is a critical and high-profile component of the Turnaround Strategy as it encompasses the State's asset investment, property management and facilities management functions including the management of a GRAP-compliant financial system.

A Transitional Head of the PMTE and Head of Finance have been appointed to drive the full operationalisation of the PMTE. A team of property management specialists have been recruited through the South African Institute for Black Property Practitioners (SAIBPP) to assist with PMTE operationalisation. A partnership was established with STANLIB to assist with benchmarking against private sector best property management practices and a revised operating model with a matrix management approach within a portfolio arrangement, has been developed for implementation. The Department in collaboration with TAU have developed the high business case and feasibility study for operationalisation of PMTE as a Government Component for consideration by the Cabinet. Progress has also been made with the transfer of the Immovable Assets and functions from the Department to the PMTE.

7.3.5.1.2 Developing a complete and credible register of State immovable assets.

The Department in collaboration with DRDLR have assumed a collective leading role in the identification and correct classification of Government immovable assets. To this extent, an intergovernmental structure, currently known as the Provincial State Land Vesting and Disposal Committee (PSLVDC) has been established to coordinate immovable asset disposal processes as well as confirmation of vesting of all State immovable assets in the National and Provincial spheres. The identification and surveying of all un-surveyed State land and State Domestic Facilities have been completed, except for minor 'gap areas' and 'slithers' of State land between river bank boundaries. 42 693 State land (registered, unregistered and section 42 land parcels) have been reconciled, although the custodianship of 1459 land parcels is being resolved. Physical verification for 32 570 properties has been completed and 13 300 land parcels have been vested to date. The system enhancement on IE Works implemented from 01st April 2014 integrates the required accounting and reporting system. The Immovable Asset Condition Assessment guideline (with a standard template to record findings) has been developed for endorsement by Public Works MinMEC and approval by the Minister of Public Works in terms of the provisions of GIAMA. The policy on the capitalisation of State immovable assets has been developed.

7.3.5.1.3 Conducting a comprehensive audit of leases and the establishment of a lease management framework.

A comprehensive audit of 2 161 leased properties has been completed and includes the physical verification of 2 143 leased properties. Through this process, an in depth



diagnosis of the Lease Management System has been done that resulted in the design of a more robust lease management system addressing the following areas:

- Policies and procedures
- Demand management
- Records management
- Contract management
- Acquisition management/procurement
- Transfer of leases
- Review of IE Works system lease-in functionality
- Improvements on IE Works system lease-in functionality

A proposed To-Be Functional Model, business processes and lease management structure have been developed. This includes the revised standard lease agreement template, preliminary checklist for documents to be included on lease files and a Lease Management Policy. An agreement with National Treasury was reached on a streamlined process to fast-track the renewal of expired leases to expedite the lease review process.

7.3.5.1.4 Clean Audit

Although the Department has progressed from a disclaimer to qualified audit outcome in 2012/13, four disclaimers were confined to the PMTE caused mainly by the lack of a credible Immovable Asset Register and lease management system. Significant progress has already been made in addressing the Auditor-General's findings particularly in the areas of the Immovable Asset Register, the review of private leases, and the review of the lease management processes.

7.3.5.1.5 Improving internal efficiencies to meet the service delivery requirements of Prestige

Prestige services have been centralised in the Director-General's office to create focus and accountability. Prestige norms and standards have been developed and consultation with National Treasury is in process.

7.3.5.2 Phase 2: Efficiency enhancement

While several specific stabilisation actions have been identified and urgently implemented, there is also a need for systemic improvements across the Department. These include process, system and structural elements and may require changes to the way that the Department does its business. Assessment of these elements will drive the content of the second phase that focuses on efficiency improvements. As processes, systems and structures are substantially improved through redesign or enhancement, changes identified will be progressively implemented across the Department. The actual timing of implementation will vary according to the complexity and magnitude of the change required.



The Efficiency Enhancement Phase (Phase 2) of the Turnaround Strategy commences on 01 April 2014. For reasons of impact and strategic importance, 10 projects have been conceptualised, from the 23 key stabilisation projects, as essential drivers of this phase for the rebuilding the Department.

Governance structures and charters have been finalised for the following 10 strategic turnaround projects:

7.3.5.2.1 The development of a Service Delivery Improvement Programme (SDIP)

The purpose of the SDIP is to assist the Department to improve the effectiveness and efficiency of service delivery by improving operating systems, being more responsive to user department needs, growing efficiencies and reducing waste. The Service Delivery Improvement Programme is central to the Turnaround Strategy for rebuilding the Department. This implies that systems, procedures and behaviour within the Department must be reoriented towards the delivery of quality services in the context of Batho Pele. The SDIP will in the long term become the business improvement process in the Department.

It is, therefore, critical that a Service Delivery Planning framework is adopted to establish the capacity for planning, development, implementation and institutionalisation of service delivery tools, systems, processes, mechanisms and intervention programmes to improve and institutionalise quality service in the Department. Central to this, is the development of a service delivery planning and implementation value chain that includes norms and standards for service delivery modelling, business process mapping, standard operating procedures, unit costing and cost management, setting of service standards, service charters and, the sustainability of service delivery improvement plans with regard to compliance, monitoring and reporting.

The Department has recognised that a more comprehensive programme of change is required to institute the necessary changes in developing a highly functional and effective organisation. To this end, the SDIP will include wide ranging improvements across all elements of the Department aligned to the broad Turnaround Strategy. Thus, the SDIP takes the improvement agenda further forward and is central to achieving the transformation objectives of the Department in an efficient and effective way.

The implementation programme for Service Delivery Improvement will align the work in respect of IDMS, operationalisation of the PMTE and SCM improvements into an integrated operating model for the Department. This operating model will review and revise all aspects of the Department (as necessary) including governance arrangements, functional and structural organisation, effective management processes and procedures, operating protocols and interrelationship between sections of the Department including the interdependence of Head Office and Regional Offices in respect to service delivery. This is in the context of the development of a customer centric organisation.



7.3.5.2.2 Operationalisation of Property Management Trading Entity and establishment of Government Component

The PMTE as a concept has been considered since the late 1990's and the first iteration as a property management trading account resulted in the devolution of capital and leasing budgets from the Department to user departments. After a period of inactivity the PMTE discussion was resuscitated in 2006 and National Treasury approved the establishment of the Trading Entity (in March 2006) in terms of the PFMA, subject to the certain conditions. This project will focus on realigning the immovable asset management business to ensure optimal service delivery, revenue management, planning with a core focus on creating a culture of customer service and to strengthen governance and compliance systems.

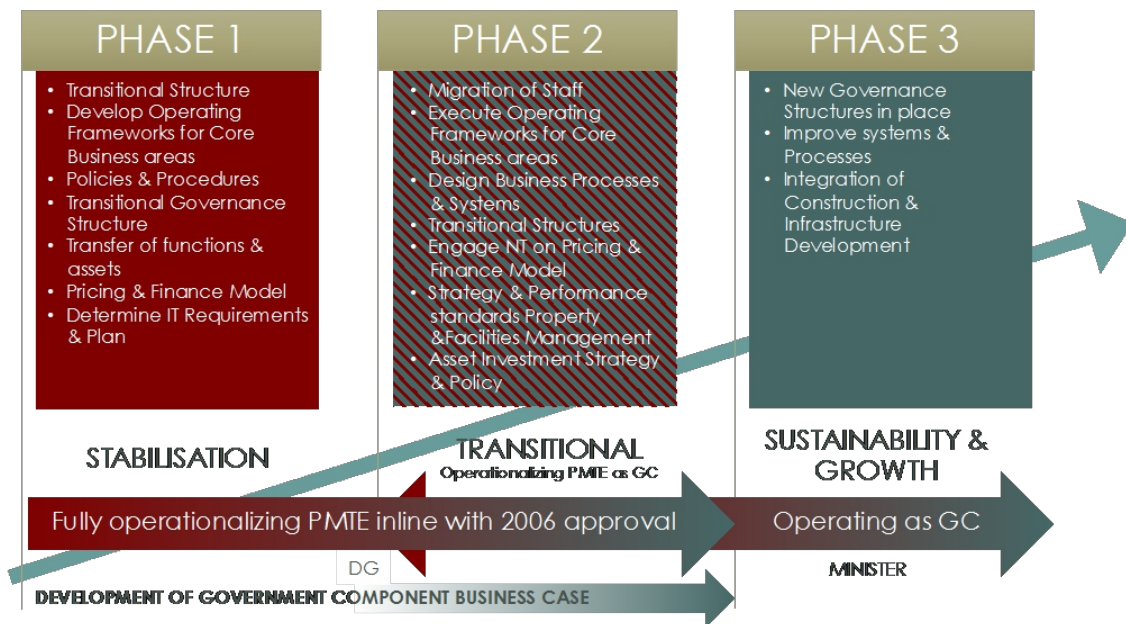
To fully operate as envisaged in 2006, the financial function supported by an appropriate accounting platform must be established for the PMTE. Contrary to the Departmental accounts, trading entities are required to be fully compliant with Generally Accepted Accounting Principles (GRAP). Similarly, there is no accounting platform that integrates with functional databases and therefore the consolidation, forecasting and reporting in terms of GRAP is not possible leading to ad hoc interventions that are neither consistent nor accurate and flawed with human error. To overcome the aforementioned, PMTE can only execute its functions with the support of a commercial billing and accounting system. The current arrangement does not comply with fundamental requirements and directives regulating a trading entity and a re-organisation or change in the business business-operating model status is now underway.

The Department has recognised the need for major change in order to resolve the current problems. A key element of this fundamental shift is to fully operationalise the PMTE with function shifts, structure and processes tailored to the portfolio, matrix management operating model being developed. This will form the transitional phase that will put those functions into a state of readiness and create an environment from which PMTE can be operationalised as a Government Component.

A number of benefits have been identified in the operationalisation of PMTE as a Government Component. The Government Component will specialise in property management service delivery functions while the Department focuses on regulatory functions, setting norms and standards and monitoring and evaluation. There will be clear lines of accountability with decision making closer to the point of delivery and this will ensure that services are delivered to higher standards, more timeously and offer better value for money. This operating model will ensure effective life-cycle property management of the State's immovable assets and will ensure a better rate of return on investment in the public estate, closer to market related values.



A three phased approach has been taken for the establishment of the GC.



Phase 1: Operationalising PMTE in line with 2006 approval: Stabilisation

Phase 1 will focus on operationalising PMTE in line with 2006 approval. This will be an intensive period of reviewing existing systems and processes, putting in place new structures, and transitioning of staff to the Government Component. The key activities in this period are shown according to the different work streams that have to be covered.

Phase 2: Operationalising PMTE in line with 2006 approval: Improving efficiencies and operationalising PMTE as a Government Component

Phase 2 will see PMTE progressing to a more efficient organisation with improved processes and procedures and with capacity enhanced in terms of skills and expertise. Efforts will be directed at operationalising PMTE as a Government Component. At this stage PMTE will be operating as a more autonomous agency with increasing immovable assets managed in an effective way to improve returns on investment and is moving nearer to becoming the employer of choice.

Phase 3: Sustainability and growth

Phase 3 focuses on consolidating and sustaining the work of the preceding years and consideration to expand operations to include construction of Government buildings.

7.3.5.2.3 Developing a complete and credible register of State immovable assets

The Department has embarked on various turnaround initiatives since 2001, including several attempts at compiling a representative, compliant Immoveable Asset Register. A programme to rebuild and enhance a “baseline compliant” Immoveable Asset Register commenced in October 2011. The Immoveable Asset Register programme has identified several interdependencies with other custodians and their asset registers as well as within the Department as the Immoveable Asset Register should be the driver for many business processes and transactions. In addition, it is desirable for the Department to take the Immoveable Asset Register from a baseline (accounting)



compliant register to a more integrated value-adding tool that can properly be linked to other business processes and provide data for true property and portfolio management.

7.3.5.2.4 Conducting a comprehensive audit of leased out properties and the establishment of a leasing out management framework

The Department manages a portfolio of approximately 2 000 leased out properties, providing office accommodation to private sector. The key aims of this project are:

- to conduct a desktop audit of lease files relating to leased out properties,
- to review the leasing out business processes, policies and strategy.

7.3.5.2.5 Restructuring of Supply Chain Management (SCM) to better meet business requirements

SCM is at the heart of the Department, ensuring that the various Branches are adequately provisioned with goods and services. Over time, the Department's supply chain function has become progressively dysfunctional and was still an area of concern in the last report of the Auditor-General. The Auditor-General found SCM processes and controls deficient and significant effort will be expended to rectify this situation.

One of the key areas for consideration is adapting SCM to meet differing requirements of user departments. A "one-size-fits-all" approach is unrealistic for an organisation as diversified as the Department. To this end, four discrete areas have been identified:

- o Infrastructure
- o Property Management
- o Goods and Services
- o Prestige

For each of the above areas, strategy; structure; processes; resources and budgets need to be taken into consideration. Further issues reside within the structures of SCM where there is a lack of clarity around the centralisation / decentralisation debate outcomes, while regional resource capacity and capability are problematic and processes and standards are variable. Additionally, the Department has been selected by the Ministry of Finance as a pilot site for the planned Procurement Transformation Programme which will provide additional focus and resources to reform the SCM function.



7.3.5.2.6 Improving internal efficiencies to meet the service delivery requirements of Prestige clients

Key Account Management exists to manage relationships with user departments and guide the initial processes around users' needs, briefs and specifications for infrastructure provision. The aim of the project is to make processes more systematic, efficient and effective – driving both higher levels of client satisfaction and greater internal efficiencies.

Prestige is one of the highest profile areas in the Department as the provider of residential and office infrastructure and supporting services to a wide range of executive clients. Also within scope is the management of various national events and State visits. The objective of the project is to enhance processes and systems within the Prestige function to improve service delivery and response times.

Key issues include dependence on other internal areas, such as SCM, lease review and client relationship management, budgeting for ad hoc events, resource levels and asset management strategies.

7.3.5.2.7 Developing an Information Technology strategy, architecture and platform as a key enabler

IT systems are required to support key business capabilities, however, this area is under-resourced and without a clear infrastructure roadmap or strategy. There are significant decisions to be made with regard to enterprise software options, both on office automation and key business support applications. The current technology resources are stretched and provide only basic services. The project, which commenced on 1 August 2013, is led by the Acting Chief Information Officer and Application and Infrastructure Architect. This project has two phases:

- The Stabilisation Phase ending on 31 March 2014 and
- The Efficiency Enhancement Phase scheduled for completion on 31 March 2016.

As part of the Efficiency Enhancement Phase, ICT convergence will commence post April 2015 with a focus thereafter on further development and value added services with a clear architectural framework, supporting infrastructure and adequate resourcing to support the Department for a prolonged period into the future.

7.3.5.2.8 Improving infrastructure delivery through the application of best practice in terms of processes, structures and systems (IDMS)

The Infrastructure Delivery Management Toolkit has its origins in 2001 when National Treasury commissioned a review of Provincial infrastructure delivery systems. The recommendations from the study resulted in, amongst others, the launch of the Infrastructure Delivery Improvement Programme. The Infrastructure Delivery



Improvement Programme developed the Infrastructure Delivery Management System as a model for best practice delivery of infrastructure management.

The Infrastructure Delivery Management System is the model that describes the processes that make up public sector delivery and procurement management as it applies to the construction industry. The model reflects the diverse needs of the construction industry, in responding to the demands placed on it for the delivery of infrastructure and tangible assets in South Africa. The model presents the distinct different processes and sub-processes that are present in delivery management, namely: Portfolio Management, Project Management and Operations and Maintenance.

As from 2004 the Infrastructure Delivery Improvement Programme has been rolled out at a Provincial level in the Provincial Treasuries, the Provincial Departments of Education and Health and also in the Provincial Departments of Public Works. To date the Infrastructure Delivery Improvement Programme has not been implemented at the national sphere. The Department has therefore commenced the process to institutionalise the Infrastructure Delivery Management System over a three year period.

7.3.5.2.9 Actively combating fraud and corruption, both within the Department and in the construction and property sectors, holding transgressors accountable for their actions

The Department's past performance has been characterised by corruption and mismanagement largely due to instability within the organisation. The root causes of this deteriorating situation can be attributed to a lack of controls in SCM practices, poor lease management and lack of accountability of Regional Offices amongst others.

A renewed effort against corruption has been initiated to redeem the brand value and integrity of the Department. Key objectives of the Anti-Fraud and Corruption Project are:

- To systematically reduce the incidence of fraud and corruption across the Department,
- to raise the profile of fraud and corruption in the Department,
- to enlist wide-ranging support for anti-fraud and corruption measures within the Department,
- to act as a point of consolidation for issues of fraud and corruption across the Department,
- to create appropriate Governance and reporting structures for Anti-Fraud and Corruption.

Crucial in moving forward with this project is the establishment of the Governance, Risk and Compliance Branch, filling vacant positions and obtaining external assistance to



reduce the backlog of fraud cases. The creation of a stand-alone Anti-Corruption Unit within the Governance, Risk and Compliance Branch is also being conceived, as well as fraud prevention, detection and resolution programmes.

7.3.5.2.10 Development and implementation of an effective change management strategy that enables a performance driven culture

Prior turnaround interventions were not successful as they were never fully implemented, owing to leadership instability, ineffective change management and a poor performance management culture, resulting in a lack of ownership and commitment by the Department to institute the necessary changes. The human resource environment is one of the critical areas of the change management project which is a key driver to rebuilding the Department through effective human resource planning, recruitment and retention, training and improved performance management. The change management intervention are is designed to systematically support all areas of the Department to effectively change the way in which business is conducted and to make the Department a client-centric one, whilst continually improving service delivery.

7.3.5.3 Phase 3: Sustainability and growth

The far-reaching changes contemplated under the previous two phases are expected to take several years to implement and embed. The Department will be fully stabilised, efficient and properly functioning by 2019. Taking a pragmatic view, it is only once this state has been reached that longer-term elements of sustainability and growth will be focussed-on. Despite this view, there will be many elements of sustainability and growth that will be addressed, albeit indirectly, within the two prior phases. Sustainability and growth are both predicated on a sound foundation of appropriate and functioning processes, systems and structures.

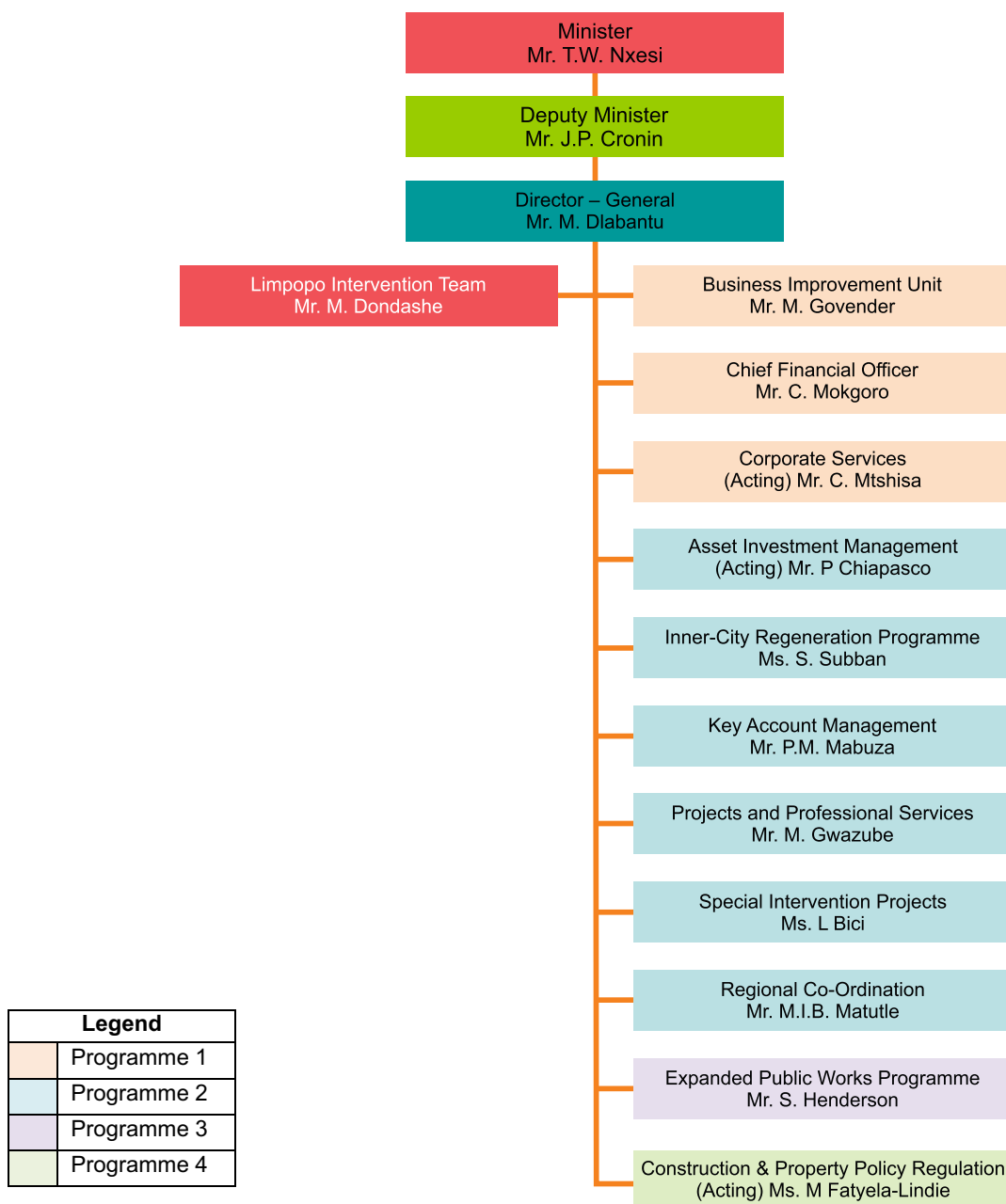
The long-term view of the Department will focus on the effective delivery of its core mandate, ensuring that both scope and capacity exist to respond to the requirements of the NDP and national infrastructure roll-out – in terms of construction projects, job creation and skills development – as well as harnessing the significant property portfolio of the State for economic development.

7.4 Organisational environment

The Department has an approved establishment of 6 818 posts of which 5 560 are filled. The organisational structure as approved in 2003, no longer meets the service delivery objectives of Department, although several modifications have been made over the years. The Department has therefore reviewed the organisational structure which will be approved and implemented over the MTEF to respond to the Turnaround Strategy and the service delivery mandate, in line with the MTEF baseline allocations. In addition, an integrated Human Resource Plan has been developed to respond to Government's priorities and to align the Department's workforce with the mission, vision, strategic goals and financial resources of the Department.



Below is a high level organisational structure of the Department



The structure for the Property Management Trading Entity (PMTE) will be developed in line with the new business requirements benchmarked from the property management industry. New job descriptions and profiles will be developed for job evaluation to determine salary levels. Critical positions will then be identified for filling within MTEF period in line with baseline allocations. A skills audit will be conducted against new business requirements and a skills development plan will be developed accordingly. All staff from the identified Branches within the Department will be migrated to PMTE through a skills matching and competence assessment process, in line with the public service recruitment process, and retain their conditions of service as public servants and any fixed term contracts engagements will be in line with the Public Service Act, 1994 (Act No. 103 of 1994). Incumbents will receive further training and development through a structured programme to ensure that staff is able to undertake their roles effectively. Compensation of employees will be funded by the Department until the end state of the PMTE is fully implemented. Using the operationalised PMTE as a basis for transition, no significant increase in total staff numbers is initially envisaged.



Capacitating the Department for results-based management and service delivery will remain a key focus area over the MTEF. The working environment of the Department has seen some stability with appointments and secondments to key positions. In light of the challenges facing the Department, including poor service delivery and the decline in public confidence in the ability to account for public funds in executing its mandate, external specialised capacity has been sourced to provide an improved level of efficiency and enhance long-term performance. In addition, relevant governance structures including the Audit and Risk Management Committee, Bid Adjudication Committee, Audit Steering Committee, Risk Management Committee, Audit Action Plan Committee are in place to achieve better governance, inclusion, efficiency, accountability and improved service quality in departmental programmes.

The South African construction industry is coming out of a significant phase of decline that has seen limited investment in human capital development and the migration of available skills, leading to shortages of skills in the industry. As a result, the Department is experiencing comprehensive challenges in producing the wide range of skills required in the construction and engineering fields, in order to meet longer-term infrastructure delivery objectives. These scarce skills shortages slows progress in the design and construction of specific projects, and are also likely to impact on the maintenance of existing infrastructure as well as on the delivery of basic services. Due to the specialised and cyclical nature of work undertaken by the Department it will continue to operate on a co-sourced resource model in which internal capacity is augmented with contracted-in expertise. However, the Department will implement strategies to control contract and consultant appointments as part of the implementation strategy for the new organisational structure.

The Department will, therefore, continue to implement its strategy to bring in skilled graduate professionals through programmes such as Young Professional, Management Trainee, Internship, Learnerships and Artisan Development programmes. These capacity building programmes go beyond providing bursaries to students and include comprehensive support programmes, experiential training opportunities as well as the provision of job opportunities for technical graduates. The Young Professional Programme is a highly successful training and mentorship programme, and has managed to register professionals who have been absorbed into vacant and critical positions.

The Department has also managed to secure additional funding from National Treasury, to specifically focus on the filling of critical, technical and professional positions. In a joint project with the Construction Education Training Authority (CETA) to further expand and build technical skills in the Young Professional, Technical Internship, and Artisan Development programmes, there will be a continuous flow of professionals into the core business areas.

In an effort to manage personnel expenditure the Department is closely managing the filling of vacant posts. Targeted human resource interventions in place include the recruitment of technical and professional staff to overcome the short-term challenges.

The Department will undertake a process to re-evaluate the business model and redefine the arrangement of interaction with user departments, allowing the Department to respond to environmental changes. The Human Resource Plan will be reviewed annually in line with the Department's strategy and structure to ensure the right people are in the right place at the right time to address critical areas in the course of delivering on the mandate of the Department.



7.5 Description of the strategic planning process

7.5.1 National Government planning process

The Government planning framework is divided into policy planning and budgetary planning. These processes are interrelated but have a different set of principles that apply in arriving at key decisions. The budgetary planning system is based on the Medium-Term Expenditure Framework that defines Government budgeting in cycles of three years. Government sets its key policy priorities based on the mandate it receives from the electorate. This mandate is translated into policies and programmes that are articulated into a Medium-Term Strategic Framework Policy document.

To guide Government planning into the MTSF and beyond, the NDP was approved in 2012 and will be implemented in stages. It is central to Government's allocation of resources and serves four broad objectives.

1. Providing overarching goals for what Government wants to achieve by 2030.
2. Building consensus on the key obstacles toward achieving these goals and what needs to be done to overcome those obstacles.
3. Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP.
4. Creating a basis for making choices about how best to use limited resources.

It sets a broad framework for growth based on a more competitive economy, and implies that Government will need to increase efforts to improve service delivery. The 2014-2019 cycle should be viewed as the first in a series of five-year planning cycles that will advance the goals of the NDP. The MTSF includes key targets from the NDP and other plans such as the New Growth Path, National Infrastructure Plan and Industry Policy Action Plan.

7.5.2 Departmental strategic planning process

The Department held a special strategic planning session in April 2013 to inter alia:

- reconcile with the current plans with the Turnaround Strategy to enhance organisational efficiencies;
- reconcile with the current plans with the Turnaround Strategy to enhance organisational efficiencies;
- review and assess the current level of performance in order to improve performance across the Department; and
- provide strategic direction on the operations of the Department.

The resolutions of the April 2013 strategic planning session were taken into consideration during the annual strategic planning session which was held on 18-19 November 2013 to inform the plans for the next five year cycle. Attended by top management and other senior managers, the session decided on the strategic direction of the Department by reviewing the current vision, mission, values, strategic goals and strategic objectives. The strategic goals of the Department were defined and linked to relevant Government outcomes as articulated in the 2014-2019 MTSF, giving rise to Programme plans for the Department over the next five years.



The five year plan was further interrogated and refined in the Special EXCO meetings held in January and February 2014 for concurrence and finalisation. The Department also had various engagements with the Department of Performance Monitoring and Evaluation in the Presidency to identify the relevant MTSF actions to which the Department contributes.

The Department's strategic planning process has been further shaped through engagements between the Minister of Public Works and range of stakeholders in construction and property industry. These engagements included, amongst others, representatives of entities and professional associations, Construction SETA, South African Council for the Project and Construction Management Professions, leaders and representatives of organised labour, construction health and safety professionals and representatives of organised business.

Other Ministerial engagements that have influenced the strategic planning process include those dealing with empowerment of women, people with disabilities and youth through initiatives such as MAWEP (Ministerial Accelerated Women Empowerment Programme), WiEBEP (Women in Engineering and Built Environment Professions) and the Ministerial Disability Programme.

PART B: **Programme and sub-programme plans**





Part B: Programme and sub-programme plans

Overall programme structure

Programme 1: Administration

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

Sub-Programmes:

- Ministry
- Management
- Corporate Services
- Office Accommodation

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 Property Management Trading Entity
- Construction Industry Development Board
- Council for the Built Environment
- Parliamentary Village Management Board
- Independent Development Trust

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



Programme 4: Property and Construction Industry Policy Regulation

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

Programme 5: Auxiliary and Associated 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 Memories
- State functions
- Sector Education and Training Authority



8.1 Programme 1: Administration

Purpose of the programme:

Provide strategic leadership and support services, including for the accommodation needs and overall management of the Department.

Programme 1 consists of the Ministry, Management, Corporate Services and Office Accommodation sub-programmes. The Ministry sub-programme comprises of the Offices of the Minister and the Deputy Minister of Public Works which provides ministerial support services and co-ordinates interaction between the Ministry and committees in Parliament. The Management sub-programme consists of the Office of the Director-General and support services that provide strategic management and leadership to the Department. The Corporate Services sub-programme provides essential support services to ensure efficient functioning of the Department.

Sub-Programme: Management

The Management sub-programme is responsible for effective governance and integrity of operations of the Department. The functions provided by the sub-programme include:

- evaluating and improving systems for internal control, risk management and governance,
- monitoring and investigating allegations of fraud and corruption,
- developing strategic and operational performance plans for the Department,
- monitoring and evaluating the performance of the Department to ensure effective leadership and decision-making, and
- oversight of sector entities.

Achievements over the past 5 years include the reduction in the backlog in investigation cases, development of performance information policies leading to an improved audit opinion, adoption of the Departmental risk management strategy and implementation of charters for top governance structures.

The Department has taken a firm stance against fraud and corruption by developing pragmatic approaches to the eradication of fraud and corruption. Anti-fraud and corruption workshops have been launched as part of the anti-corruption initiatives, initiators and presiding officers are receiving the required training to effectively deal with fraud and corruption related cases, the communication strategy (Fraud Awareness and Prevention) is being implemented across the Department, a transparency system based on the COST Model has been established and compliance with the Integrity Management Framework is under review.

The focus of the Management sub-programme over the next term will be on developing internal capacity to undertake investigations within 30 days of receipt of allegations, adopting an integrated planning model, implementation of the Service Delivery Improvement Plan, institutionalising strategic management, risk management and monitoring and evaluation within the Department, developing a business model for the Department and improving governance arrangements for top structures.



Sub Programme: Corporate Services

Finance and Supply Chain Management:

The mandate of the Finance and Supply Chain Management Branch is to provide financial efficiency and effectiveness, and a responsive and compliant Supply Chain Management service in support of business requirements. In delivering this mandate, the Branch performs the functions of financial management for the Department, financial management for the Property Management Trading Entity, Supply Chain Management, moveable asset management, provisioning of goods and services and ensuring compliance with internal controls.

Over the past five years, the Branch has established the critical compliance and inspectorate and moveable assets functions as well as Supply Chain Management structures in Regional Offices. Over the next term, the Branch will focus on compliance with policies and procedures, segregation of the DPW and PMTE financial functions, integration of systems (with a proper billing and accounting system), production of two sets of financial statements with two different bases of accounting and ensuring standardised processes. The primary focus over the next five years will remain on getting the Department back to financial health by ensuring accountability, transparency, credibility and compliance with an emphasis on cleaning up all negative audit findings for both the Department and Property Management Trading Entity.

Corporate Services:

The mandate of the Corporate Services Branch is to lead and enable delivery through the provision of strategic services. It is a diverse Branch that performs a range of functions including the design and application of staffing solutions, provision of modern and appropriate information management systems and technologies, identification of business opportunities guided by the country's international relations and cooperation framework, promoting relationships between the Department and its stakeholders, providing legal support, protection of departmental assets and mainstreaming of gender, disability and youth development.

Since its establishment five years ago, Corporate Services has implemented the mentorship and training programmes despite serious talent shortages and salary constraints. In addition, the Legal Services unit developed new contract management process and improved case resolution within the Department. Through implementation of the Communications Strategy, Corporate Services will remain focussed on redeeming the brand value and integrity of the Department, whilst instituting swift disciplinary actions against individuals implicated in fraudulent activities.

Over the next term, the Corporate Services Branch will focus on:

- developing key master systems architecture aligned to business requirements,
- developing a proactive engagement model of operations within Corporate Services,
- talent recruitment,
- security enhancements and intervention, and
- strengthening partnerships with line function units to maximise access to resources and optimise outputs.



8.1.1 Strategic objectives for Programme 1

Table 13: Programme 1: Strategic objective 1.1

Strategic objective 1.1	Promote sound corporate governance practices within the Department.
Objective statement	<p>To promote and ensure effective governance and integrity of the Department's operations through:</p> <p>Improved systems of internal control, governance and risk management in accordance with the approved annual Internal Audit Plan,</p> <p>reduction of fraud and corruption levels annually,</p> <p>long and short term strategic planning processes towards a 5 Year Strategic Plan and Annual Performance Plan,</p> <p>three year service delivery improvement planning and annual monitoring of the SDIP,</p> <p>quarterly monitoring, evaluation and reporting of organisational performance,</p> <p>annual strategic and operational risk management processes,</p> <p>monthly and quarterly support to political and administrative leadership decision making in the top governance structures, and</p> <p>quarterly oversight of sector entities.</p>
Baseline	Based on the Management Performance Assessment (MPAT) published by the Department of Performance Monitoring and Evaluation for 2012/13, the Department achieved between 1 and 3 for governance and accountability functions. An improved MPAT rating seeks to enhance corporate governance within the Department.
5 Year target	MPAT rating of 3-4 on all Governance functions.
Justification	To ensure responsiveness through improved decision making and control efficiently whilst upholding accountability.
Links	Effective, responsive and responsible governance will ensure effective and efficient service delivery within the Department promoting openness, integrity and accountability.

Table 14: Programme 1: Strategic objective 1.2

Strategic objective 1.2	Ensure effective and sound financial resource management.
Objective statement	Achieve financial effectiveness for both the Department and Property Management Trading Entity through sound financial management, integrated financial planning, and responsive and compliant Supply Chain Management annually over the MTEF period.
Baseline	Qualified audit opinion for the Department and disclaimer audit opinion for Property Management Trading Entity.
5 Year target	Clean audit outcome for DPW and PMTE.
Justification	Improving the financial performance of the Department and Property Management Trading Entity ensuring compliance to legislation framework.
Links	Improved service delivery and attainment of positive audit outcome.

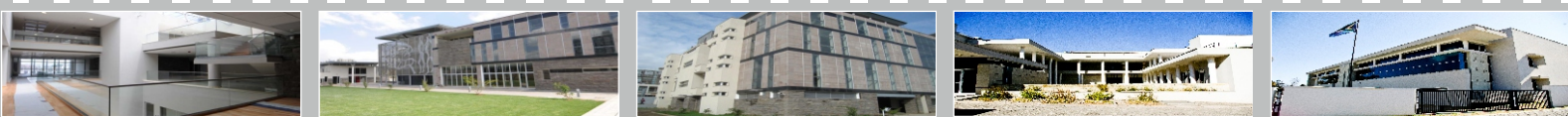


Table 15: Programme 1: Strategic objective 1.3

Strategic objective 1.3	Ensure effective corporate resource management.
Objective statement	To annually improve the operational excellence within the organisation through the management of strategic corporate services.
Baseline	90% support provided to the core business of DPW through HR Planning, HCI Programmes, security management, legal advisory services and communications.
5 Year target	100% Support provided to the core business of DPW through HR Planning, HCI Programmes, security management, legal advisory services and communications.
Justification	Effective resource management is a priority for the Department of Public Works to improve efficiency and service delivery. In this regard the Corporate Services Branch will assign the appropriate resources to the required functions as and when required.
Links	Compliance to policy and regulatory requirements to ensure transparency and accountability in support of a service driven Department.

8.1.2 Resource considerations for Programme 1

8.1.2.1 Expenditure estimates for Programme 1

Table 16: Expenditure estimates for Programme 1: Administration

Sub programmes	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Ministry	29 360	25 274	22 279	29 628	31 278	32 625	34 544
Management	60 027	52 048	92 856	134 925	136 226	114 018	118 768
Corporate Services	276 935	375 427	365 751	488 709	510 648	464 837	486 668
Office Accommodation	313 133	384 370	375 299	504 900	497 194	521 813	551 483
Total	679 455	837 119	856 185	1 158 162	1 175 346	1 133 293	1 191 463

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	653 238	787 564	832 925	1 116 931	1 148 866	1 105 619	1 162 322
Compensation of employees	169 058	199 405	218 980	227 403	279 938	306 752	326 711
Goods and services	483 800	587 949	613 924	889 528	868 928	798 867	835 611
Interest and rent on land	380	210	21	-	-	-	-
Transfers and subsidies	2 366	565	5 988	1 156	1 195	1 226	1 291
Provinces and municipalities	2	1	3	11	11	11	12
Households	2 364	564	5 985	1 145	1 184	1 215	1 279
Payments for capital assets	23 839	48 990	17 272	40 075	25 285	26 448	27 850
Machinery and equipment	22 224	42 502	17 115	29 259	19 120	19 999	21 059
Software and other intangible assets	1 615	6 488	157	10 816	6 165	6 449	6 791
Payments for financial assets	12	-	-	-	-	-	-
Total	679 455	837 119	856 185	1 158 162	1 175 346	1 133 293	1 191 463

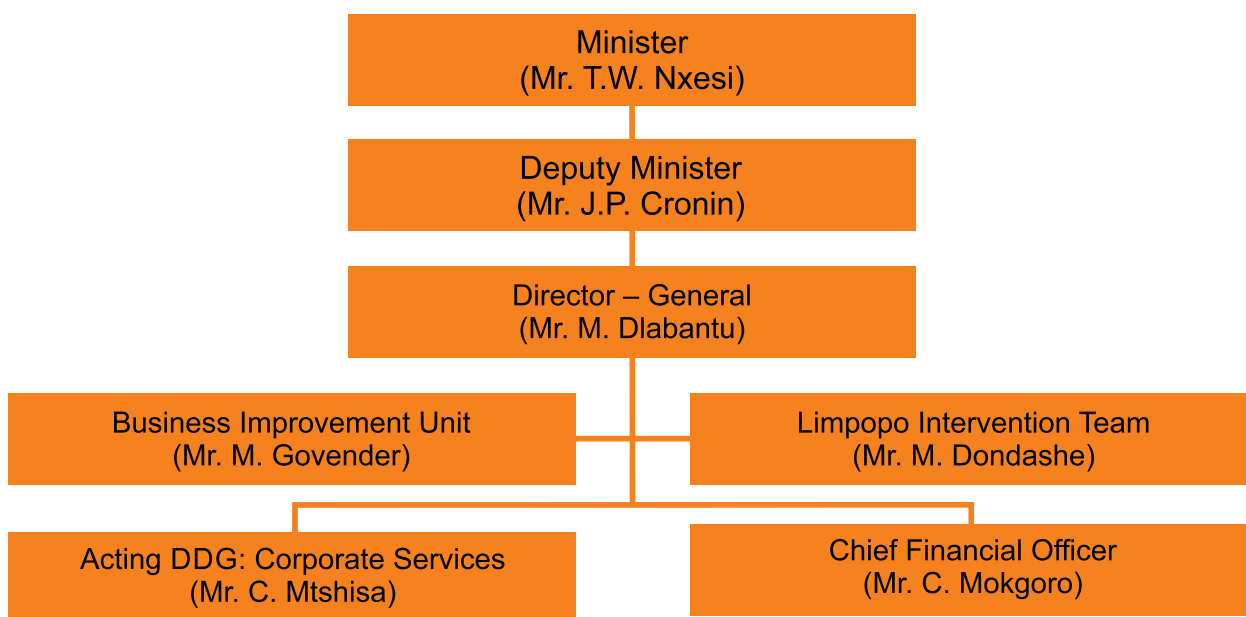


The spending focus over the medium-term will be on ensuring adequate office accommodation for departmental employees and on maintaining and improving corporate services functions, such as legal, financial and supply chain management, in response to the Turnaround Strategy. This focus is supported by the bulk of the allocated budget in the Office Accommodation and Corporate Services sub-programmes, of which compensation of employees and goods and services items such as operating leases, property payments, and consultants appointed in specialised areas where the Turnaround Strategy is taking place, are the main cost drivers. Furthermore, due to the Turnaround Strategy requiring a complete transformation of the Department's structure, personnel establishment and systems, in line with the new business model, spending increased on agency support and outsourced services in 2013/14 following the appointment of the core turnaround support team in the Department and this trend is expected to continue over the medium-term.

Over the medium-term, the Turnaround Strategy has been allocated R366 million for the Special Investigating Unit, technical support unit, clean audit project, irregular expenditure, internal audit support and appointment of additional capacity within the Finance and Supply Chain Management units.

8.1.2.2 Staff establishment for Programme 1

The macro-organisational structure which constitutes Programme 1 is:



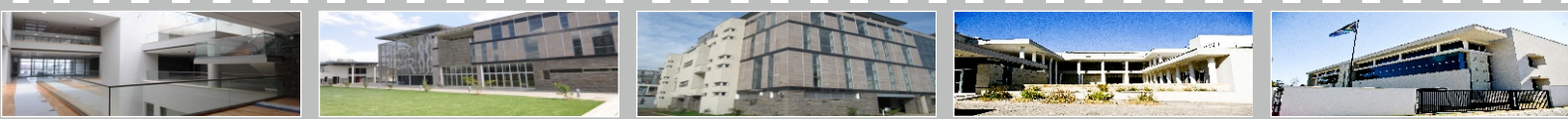


Table 17: Staff establishment for Programme 1: Administration

Staff establishment for Programme 1					
Salary Level	Programme 1 - Administration	Programme 1 - Administration	Programme 1 - Administration	Current vacancy rate (%)	Programme 1 - Administration
	Approved establishment	Filled posts	Vacant posts		Additional to the establishment
01					
02	103	21	52	71.2	
03	19	11	8	42.1	
04	35	26	9	25.7	2
05	29	15	14	48.3	5
06	60	44	16	26.7	7
07	124	101	23	18.5	11
08	124	111	13	10.5	7
09	87	74	13	14.9	
10	39	40	1	2.6	6
11	55	35	20	36.4	6
12	61	51	10	16.4	5
13	47	43	4	8.5	11
14	18	18			3
15	3	3			5
16	3	3			
Grand Total	807	596	181	23.2	68

The staff establishment is captured from the Persal system. The headcount of salary level 16 includes the positions of the Minister, Deputy Minister and Director-General. In addition to the above staff establishment, there are 100 interns appointed at salary level 1 as part of the Human Capital Investment capacity building programme. The posts captured as additional to the approved establishment consist of interns, contract appointments and officials within the Business Improvement Unit that have been budgeted for under compensation of employees'. Programme 1 has a total staff establishment of 807 officials with a vacancy rate of 23.2%. The skills demand of the Department in terms of scarce and critical skills is consistently higher than the norm while on the other hand the Department is unable to attract and retain critical and scarce skilled professionals. The current financial constraints under the compensation of employees' budget has negatively impacted on the critical areas of finance, supply chain management, internal audit and monitoring and evaluation.



8.1.3 Risk management for Programme 1

Table 18: Risk management for Programme 1: Administration

Strategic objective	Risk	Mitigating factors
Ensure effective and sound financial resource management	Inappropriate business model and structure of the Property Management Trading Entity (PMTE).	<p>Finalisation and approval of the business case.</p> <p>Identify areas of non-compliance according to the checklist and follow-up.</p> <p>Complete the development of financial policies and procedures.</p> <p>Development of operational policies and procedures.</p> <p>Implement an automated billing system.</p> <p>Full implementation of accrual accounting.</p>
	Inadequate pricing and recovery strategy	<p>Review of the Business model (Pricing and Recovery Strategy)</p> <p>Introduce the advance payments from clients before service is rendered</p>
Effective corporate resource management	Staff capacity (high vacancy rate)	<p>Finalisation of organisational structure (approval and funding)</p> <p>Recall and appointment of retired scarce skills professionals</p>



8.2 Programme 2: Immovable Asset Management

Purpose of the programme:

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

Programme 2 consists of the sub-programmes Infrastructure (Public Works), Strategic Asset Investment Analysis, Special Projects, Operations Management, Prestige Management, Property Management, Augmentation of the Property Management Trading Entity, Construction Industry Development Board, Council for the Built Environment, Parliamentary Village Management Board and Independent Development Trust.

Sub-Programme: Strategic Asset Investment Analysis

Asset Investment Management

The Asset Investment Management Branch is responsible for management of the Immovable Asset Register, optimising returns from the State's portfolio, optimising service delivery for user departments, identifying opportunities which will add value to the portfolio, cost effective utilisation of properties, reducing the cost of accommodation and disposing of properties. In performing these functions the Asset Investment Management Branch identifies revenue generating initiatives that improve on the investment return, conduct feasibility studies and market valuations, evaluate municipal values, rehabilitate and acquire state owned buildings, release land to contribute towards decent housing and land reform, develop property portfolio strategies that will inform the C-AMP and enhance the Immovable Asset Register.

Over the past 5 years the Asset Investment Management Branch has successfully rehabilitated 29 state owned buildings and ensured accessibility to 232 state owned buildings. 2347 Hectares of land were disposed for human settlements and 34 properties were disposed for land reform purposes of which 5 foreign superfluous properties were disposed of in Namibia. 660 Valuations, 290 feasibility studies and 7469 municipal valuations were completed. 27 Young professionals graduated from the Young Professionals Programme under the Branch, of which 15 have achieved professional registration as Professional Associated Valuers.

Whilst there have been various challenges in performing certain functions, the Asset Investment Management Branch will seek to improve service delivery through developing an appropriate immovable asset management framework and best practice policies and processes, conducting comprehensive portfolio analysis based on the enhanced Immovable Asset Register, developing a complete and reliable C-AMP, setting performance standards for asset classes, commissioning condition assessments and improving revenue generation initiatives. In addition, Asset Register Management will focus on the application of the fair value model and capitalisation policy, implementation of the vesting business case and the physical verification of immovable assets. As reflected historically in reports from the Auditor General, the inadequacy of a compliant Immovable Asset Register has significantly contributed to the successive negative audit opinions of the Department. As a key priority towards the cleaning-up of all negative audit findings, the compilation of a compliant baseline Immovable Asset Register is paramount.



Inner City Regeneration

The mandate of the Inner City Regeneration Branch is to improve the accommodation of user departments within a safe, secure and conducive work environment to enable better levels of service delivery. The Branch will therefore retain, consolidate and maximise the potential of Government estate whilst contributing towards urban and rural development planning, regeneration and social upliftment. Over the past five years the Branch has completed the master plan for two inner city precincts and the macro and precinct inner city planning frameworks with the City of Tshwane (Paul Kruger Precinct, West Capital Precinct and Salvakop). However, the Tshwane regeneration model has not been rolled out countrywide.

As the development planners of the Department the focus of the Branch will be on the identification of opportunity sites for both urban and rural areas supporting integrated development including small town revitalisation and rural spatial planning. In this regard, there will be greater collaboration between Provinces, Municipalities and sector Departments to create efficiencies.

Key Account Management (KAM)

The core responsibilities of the KAM Branch include obtaining user's strategic accommodation requirements as per GIAMA, developing annual capital works implementation programmes in consultation with users, initiating the implementation of construction and property projects, programme managing the implementation programmes, client liaison and progress reporting to user departments.

Over the past five years, the Branch has successfully institutionalised Service Level Agreements, completed KAM business processes; compiled service delivery standards conducted U-AMP training in compliance with GIAMA and facilitated the signing off for the Capital Works Implementation Programmes of user departments.

Critical success factors within the KAM Branch include obtaining the User Asset Management Plans from user departments, signing of remaining Service Level Agreements, approving service delivery standards and ensuring comprehensive reporting to user departments which must include accurate itemised billing, integrated property and project management system information and a complete, accurate record of immovable assets occupied by the user departments.

Special Intervention Projects

The various projects that fall within this area include the construction of low cost / Bailey bridge structures on behalf of user departments, managing the School Building Programme on behalf of the Department of Basic Education as an implementing agent and managing the School Beautification Programme on behalf of the Department of Basic Education as an implementing agent. The various projects also aim to maximise local community involvement using EPWP principles. The Department has been allocated 36 Schools in the Eastern Cape for the School Building Programme and 915 schools for beautification across 9 Provinces.



Sub-Programme: Special Projects

Projects

The Projects Branch is responsible for providing accommodation to user departments through the construction of new buildings and the refurbishment of existing buildings. As part of the Efficiency Enhancement Phase of the 7 Year Turnaround Plan, the Branch will focus on improving infrastructure delivery through the application of best practice in terms of processes, structures and systems through the institutionalisation of IDIP and establishment of Project Management Offices. The introduction of the Project Management Offices across the Department seeks to make the Department more client-focussed and promotes accountability. The current ratio of projects to project managers is under review to be aligned to the industry norm. This requires more professional project managers to be sourced.

Professional Services

Professional Services functions on the basis of the authority of the Accounting Officer, the Council for the Built Environment Act (Act No. 43 of 2000) and Associated Professional Councils. Professional Services apply professional knowledge and skills to provide solutions towards the delivery of infrastructure. Whilst Professional Services has completed the Dolomite register for Gauteng, reviewed and approved over 500 project designs, conducted 6180 biological tests and cleared more than 300 sites over the past 5 year, there are challenges that remain. As part of service delivery improvement initiative, the function will be building professional capacity, aligning business processes, delegations etc. in line with IDMS and ensuring compliance to legal obligations such as the National Water Act, 1998 (Act No.36 of 1998) and National Environment Management Act, 1998 (Act No.107 of 1998).

Sub-Programme: Operation Management

Regional Coordination

The Regional Offices have an important role to play in delivering the mandate of the Department. Regional Offices are critical in providing and managing the accommodation, housing, land and infrastructure needs of National Departments. Implementation of the EPWP at regional level, contributes to addressing regional disparities of unemployment, poverty and inequality.

Restoring accountability and transparency to Regional Offices is a key priority as well as building technical, financial and strategic management with a specific view to developing a skills pipeline responsive to imperatives of Government. The focus will, therefore, entail supporting and strengthening the regional coordination system in operations, client relationship management, property and facilities management, immovable asset management, job creation, gender mainstreaming, youth development, policy guidance and training.

Regional programmes will become more efficient, effective and aligned with national priorities and work to streamline coordination mechanisms.

Sub-Programme: Prestige Management

The mandate of Prestige Management as derived from the Ministerial Handbook, Cabinet decisions and other mandate documents is to provide furnished office and residential accommodation to



Prestige clients, which includes related maintenance services. This also includes the provision of infrastructure at State and private events.

As part of the service delivery improvement initiative, Prestige Management will adopt a client centric value chain based service delivery model, take a proactive approach to service delivery by enhancing planning and ensure consistent application of norms and standards.

Entities reporting to the Minister of Public Works

There are four Public Entities reporting to the Minister of Public Works, namely: the Council for the Built Environment, Construction Industry Development Board, Independent Development Trust and Agrément South Africa which serve as an extension of and assist the Department in delivering on its mandate.

Council for the Built Environment (CBE)

As one of the Public Entities that are reporting to the Minister, CBE's main focus 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 aligns to the strategic direction of the Department by executing the following strategic goals:

- Support Government priorities in relation to built environment matters,
- facilitate and monitor continued sustainable, dynamic, competent and transformed built environment professions and professionals,
- establish and maintain a centre of excellence for an integrated built environment body of knowledge,
- strengthen public protection and educate public in relation to the built environment.

Construction Industry Development Board (cidb)

Transformation of the construction industry is the overarching strategic focus for the cidb and several initiatives have been identified to drive the transformation agenda. The cidb supports the Department by providing strategic direction and developing effective partnerships for growth, reform and improvement of the construction sector. Contractor development, skills development, procurement and contractor performance are central to the cidb's strategy for the development of the construction industry which directly impact the roll out of Government's Infrastructure Plan.

Independent Development Trust (IDT)

The IDT manages and delivers integrated social infrastructure programmes with all the necessary measures, facilities and networks required to prepare communities to initiate, receive, own, manage and sustain their own development. The IDT supports the Department in contributing to Government's priorities of job creation, sector skills development, green buildings initiatives and eradication of social infrastructure backlogs.

Agrément South Africa (ASA)

ASA supports the construction industry by facilitating the introduction, application and utilisation of satisfactory innovation and technology development in a manner that adds value to the process. ASA is the only internationally acknowledged and objective facility in South Africa that assesses and



certifies non-standardised construction products. ASA supports the Department by technically assessing innovative construction technologies and promoting their use to stimulate the creation of sustainable short and long-term work opportunities.

8.2.1 Strategic objectives for Programme 2

Table 19: Strategic objective 2.1

Strategic objective 2.1	Effective life cycle asset management of immovable assets under the custodianship of the Department.
Objective statement	An effectively planned, acquired, managed and maintained portfolio of immovable assets supportive of all user and stakeholder requirements on time and within budget.
Baseline	Capital Works, Planned Maintenance and Leasing implementation Programmes informed by user department accommodation requirements and portfolio strategies delivered in various stages of implementation.
5 Year target	Integrated plans for DPW's immovable asset portfolio developed.
Justification	To meet the legislative requirements of the Government Immovable Asset Management Act as it pertains to custodial and user responsibilities. To coordinate the delivery and management of immovable assets with service delivery objectives of users and stakeholder departments.
Links	The effective asset life cycle management contributes directly to the delivery of an efficient, competitive and responsive infrastructure network that supports economic and social development imperatives.

Table 20: Strategic objective 2.2

Strategic objective 2.2	Improved land administration and spatial planning for integrated development in urban and rural areas.
Objective statement	Integrated infrastructure plans through collaboration with sector departments, urban and rural municipalities to ensure maximum positive impact in making public services more accessible.
Baseline	No baseline
5 Year target	DPW infrastructure plans integrated with sector departments and 25 rural municipal Spatial Development Frameworks (SDF's).
Justification	Government efficiencies will be created by utilizing the State Asset Portfolio to align and support integrated development whilst readdressing spatial imbalances and coordinating infrastructure development.
Links	Integrated rural development contributes directly to an inclusive rural economy. Rural areas and communities require greater social, economic and political opportunities to overcome the legacy of marginalisation and poverty.



8.2.2 Resource considerations for Programme 2

8.2.2.1 Expenditure estimates for Programme 2

Table 21: Expenditure estimates for Programme 2: Immoveable Asset Investment Management

Sub programmes	Audited outcome			Adjusted appropriation 2013/14 (R'000)	Medium term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)		(R'000)	(R'000)	(R'000)
Infrastructure(Public Works)	1 255 874	1 011 408	713 003	676 206	510 369	844 005	885 153
Property Management	1 865 227	1 803 230	1 798 170	-	-	-	-
Strategic Asset Investment Analysis	165 858	161 744	55 377	144 862	167 865	176 705	187 376
Operation Management	883 578	1 000 335	1 077 846	1 128 370	1 190 128	1 245 271	1 342 568
Prestige Management	70 631	67 283	34 611	52 283	40 133	41 724	31 345
Special Projects	18 211	75 541	83 314	129 105	102 046	109 020	114 940
Construction Industry Development Board	63 665	65 959	67 614	72 361	77 212	81 386	85 699
Council for the Built Environment	25 527	28 659	28 146	37 959	41 572	44 291	46 638
Parliamentary Village Management Board	6 982	7 401	7 771	8 198	8 690	9 090	9 572
Augmentation of the Property Management Trading Entity	612 967	630 189	646 849	682 426	673 372	706 647	746 749
Independent Development Trust	-	150 000	50 800	50 000	50 000	50 000	-
Total	4 968 520	5 001 749	4 563 501	2 981 770	2 861 387	3 308 139	3 450 040

Economic classification	Audited outcome			Adjusted appropriation 2013/14 (R'000)	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)		(R'000)	(R'000)	(R'000)
Current payments	1 023 345	1 265 520	1 220 823	1 391 176	1 434 462	1 502 811	1 601 878
Compensation of employees	850 120	970 320	1 046 755	1 124 251	1 232 604	1 290 063	1 377 372
Goods and services	169 256	293 939	174 068	266 925	201 858	212 748	224 506
Interest (Incl. interest on finance leases)	3 969	1 261	-	-	-	-	-
Transfers and subsidies	2 577 575	2 688 774	2 605 177	855 064	859 177	900 017	897 500
Provinces and municipalities	1 865 231	1 803 232	1 798 173	15	15	16	17
Departmental agencies and accounts	709 141	732 208	750 380	800 944	800 846	841 414	888 658
Public corporations and private enterprises	-	150 000	50 800	50 000	50 000	50 000	-
Non-profit institutions	-	-	-	-	-	-	-
Households	3 203	3 334	5 824	4 105	8 316	8 587	8 825
Payments for capital assets	1 313 041	1 047 455	737 501	735 530	567 748	905 311	950 662
Buildings and other fixed structures	1 255 873	1 011 408	713 003	676 206	510 369	844 005	885 153
Machinery and equipment	57 065	35 966	24 154	58 906	57 201	61 120	65 313
Software and other intangible assets	103	81	344	418	178	186	196
Payments for financial assets	54 559	-	-	-	-	-	-
Total	4 968 520	5 001 749	4 563 501	2 981 770	2 861 387	3 308 139	3 450 040



The spending focus over the medium-term will be on funding the acquisition and construction of infrastructure for the Department, dolomite, and prestige portfolio and border control operations to ensure improvement in service delivery. This spending is reflected in the Operation Management and Infrastructure (Public Works) sub-programmes.

Expenditure on transfers and subsidies decreased significantly in 2013/14 due to the discontinuation of the devolution of property rates fund grant to provinces as the allocated funding for property rates has been phased into the equitable share. Over the medium-term, expenditure on transfers and subsidies is expected to increase due to increased allocations to the departmental agencies to enhance regulatory capacity.

Spending on consultants and other outsourced services increased significantly between 2012/13 and 2013/14 as the Department appointed service providers to perform the physical verification of immovable assets and populate key fields in the Immoveable Asset Register as part of the Department's Turnaround Strategy. This will allow the Department to create a complaint baseline Immoveable Asset Register, which is a key priority in remediating the negative audit findings.

8.2.2.2 Staff establishment for Programme 2

The macro-organisational structure that constitutes Programme 2 is:

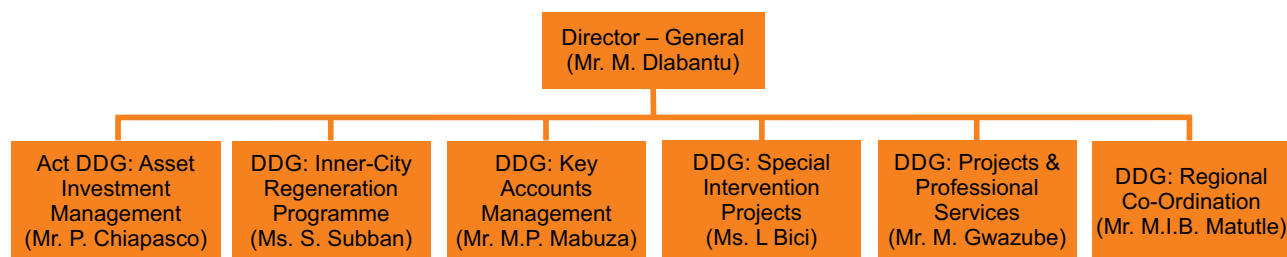




Table 22: Staff establishment for Programme 2: Immovable Asset Investment Management

Staff establishment for Programme 2					
Salary Level	Programme 2 - Immovable Asset Management Approved establishment	Programme 2 - Immovable Asset Management Filled posts	Programme 2 - Immovable Asset Management Vacant posts	Current vacancy rate (%)	Programme 2 – Immovable Asset Management Additional to the establishment
01					50
02	1 632	1 256	190	13.1	107
03	950	863	34	4.1	2
04	201	201	12	6.3	7
05	275	158	37	46.4	3
06	357	283	6	2.2	15
07	708	644	1	0.2	91
08	436	300	52	25.4	8
09	266	292	44	17.7	20
10	383	273	78	40.0	3
11	120	74	60	68.4	32
12	296	221	10	33.2	3
13	51	50	5	9.1	
14	24	21			3
15	5	4			
16					
Grand Total	5 704	4 640	529	10.2	344

Programme 2 (Immovable Asset Investment Management) dominates the current staff distribution in all the employment types within the Department. It accounts for 85% for both contract and permanent employees and 59% in terms of internships out of total staff complement of 5 704. Almost all of the Department's operations, including regional operations, are performed within this Programme. Appointments additional to the establishment (contracts and internships) account for 6% of the current staff establishment. Programme 2 has been prioritised, in terms capacity requirements, in terms of the long term capacity requirements of the Programme.



8.2.3 Risk management for Programme 2

Table 23: Risk management for Programme 2: Immovable Asset Investment Management

Strategic objective	Risk	Mitigating factors
<p>Effective life cycle asset management of immovable assets under the custodianship of the Department.</p>	<p>Inability to perform comprehensive life cycle asset management</p>	<p>Establishment of the PMTE and dedicated business centres for property and facilities management.</p> <p>Full capacitation of units with required skills and resources</p> <p>Acquisition of integrated asset management system with modules for all areas of immovable asset management</p> <p>Linking each immovable asset to corresponding revenue and expenditure</p> <p>Finalisation of the Asset Register Project</p> <p>Develop Immovable Asset Management Framework</p> <p>Conduct a high level portfolio analysis</p> <p>Develop property performance standards (PPS) for all categories of Immovable Assets</p> <p>Implementation of the Young Professionals Programme</p>
	<p>Failure to implement the DPW building programme</p>	<p>Resuscitation of workshops</p> <p>Monitor performance through project and programme management approach</p> <p>Institutionalisation of IDIP</p>



8.3 Programme 3: Expanded Public Works Programme (EPWP)

Purpose of the programme:

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.

The mandate of the EPWP is 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. The EPWP Branch is responsible for the overall co-ordination of the EPWP at all spheres of Government across 4 sectors, namely Infrastructure, Social, Environment and Culture and Non-State Sector.

The EPWP has created 3 759 935 work opportunities in Phase 2 at the end of September 2013 of which 50% went to youth, 52% to women and 0.42% to people with disabilities. National, Provincial and Municipal Departments reported 883 198 person days of training that equates to 58 879 persons trained for 15 days each (excluding NSF training). 10 375 Beneficiaries have received training through the National Skills Fund. 277 Municipalities and four Provincial Departments have signed protocol agreements and 262 municipalities are currently reporting on EPWP targets.

The EPWP has improved the lives of poor communities through projects identified by communities. Within the various EPWP sectors, assets have been constructed and maintained as part of the infrastructure sector, Early Childhood Development and Home Community Based Care services have been provided to poor children, the infirm and the elderly as well as protection and maintenance of the environment through amongst others, the removal of invasive alien vegetation, restoration of wetlands and provision of fire services.

Current challenges experienced within the Programme to be addressed in the next phase is the under reporting and poor reporting of data, inconsistent implementation of labour intensive projects across all implementing bodies across the three spheres of Government due to poor technical capacity of public bodies and meeting the Full Time Equivalent (FTE) targets. Attention will also be paid to improving the reporting of EPWP targets within the Department.

As the coordinator of the EPWP, the Department will ensure that the next phase of the EPWP is effectively planned, mainstreamed and supported, will enhance the EPWP delivery capacity at all spheres of Government, communicate a positive EPWP profile, expand EPWP into new areas, improve reporting and data integrity and most importantly conduct meaningful performance evaluations of the Programme. The Department will continue to provide technical support to municipalities, training to officials in the use of labour-intensive methods in project implementation and will also provide data capturing support to Public Bodies, training officials on reporting and improvement of the reporting system.



8.3.1 Strategic objectives for Programme 3

Table 24: Strategic objective 3.1

Strategic objective 3.1	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.
Objective statement	<p>To coordinate the implementation of the EPWP which aims to create work opportunities and income support to poor and unemployed people over the period 1st April 2014 to 31st March 2019 through the use of labour-intensive methods.</p> <p>Public bodies from all spheres of Government (in terms of their normal mandates and budgets) and the Non-State Sector (supported by Government incentives), deliberately optimize the creation of work opportunities for unemployed and poor people in South Africa through the delivery of public and community services. Training and enterprise development will be implemented in sub-programmes to enhance service delivery and beneficiary well-being.</p>
Baseline	The EPWP has created 3 759 935 work opportunities in Phase 2 at the end of September 2013.
5 Year target	6 Million work opportunities created for the poor and unemployed between 2014 - 2019 aligned to the EPWP Business Plan (Phase 3).
Justification	<p>Job creation remains a central priority of Government and all Government Departments will align their programmes with job creation imperatives.</p> <p>The current economic down-turn has negatively impacted on employment in the country and has increased the importance of the EPWP as a major Government initiative for contributing to development and reducing unemployment.</p>
Links	Through the EPWP, the Department contributes to Government's objective of creating decent employment through inclusive economic growth.



8.3.2 Resource considerations for Programme 3

8.3.2.1 Expenditure estimates

Table 25: Expenditure estimates on Programme 3: Expanded Public Works Programme

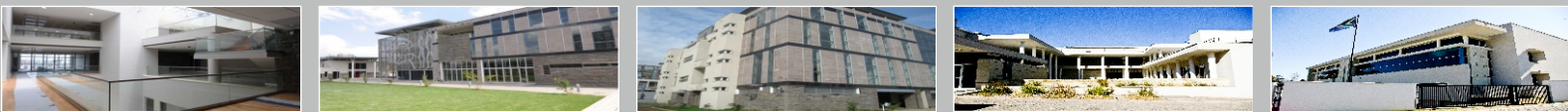
Programmes	Audited outcome			Adjusted appropriation 2013/14	Medium term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Expanded Public Works Programme	205 954	209 733	236 761	273 767	261 541	267 680	290 639
Performance Based Incentive Allocations	708 986	953 282	1 467 290	1 674 202	1 689 754	1 739 160	2 104 598
Total	914 940	1 163 015	1 704 051	1 947 969	1 951 295	2 006 840	2 395 237

Economic classification	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	212 924	216 285	244 354	281 139	269 391	275 896	299 302
Compensation of employees	64 081	91 905	100 901	111 002	133 233	141 882	150 916
Goods and services	144 361	124 287	143 453	170 137	136 158	134 014	148 386
Interest and rent on land	4 482	93	-	-	-	-	-
Transfers and subsidies	698 555	944 137	1 454 586	1 664 208	1 679 125	1 728 037	2 092 874
Provinces and municipalities	518 660	789 732	1 171 779	1 225 752	1 201 494	1 243 069	1 492 457
Public corporations and private enterprises	73	-	-	25	-	-	-
Non-profit institutions	179 811	154 370	282 724	438 281	477 481	484 816	600 257
Households	11	35	83	150	150	152	160
Payments for capital assets	3 461	2 593	1 913	2 622	2 779	2 907	3 061
Machinery and equipment	2 962	2 593	1 913	2 622	2 779	2 907	3 061
Software and other intangible assets	499	-	-	-	-	-	-
Payments for financial assets	-	-	3 198	-	-	-	-
Total	914 940	1 163 015	1 704 051	1 947 969	1 951 295	2 006 840	2 395 237

The spending focus over the medium-term will be on creating work opportunities and providing training for unskilled, marginalised and unemployed people in South Africa. The bulk of the programme's budget goes towards the payment of performance based incentives to eligible Provinces, Municipalities and Non-Profit Organisations, in order to increase job creation efforts in EPWP.

The increase in spending between 2010/11 and 2013/14 was due to the allocation of additional funding in the form of performance incentives to eligible Provinces, Municipalities and Non-Profit Organisations for job creation efforts in support of the introduction of phase 2 of the EPWP. Spending increases in this programme expected over the MTEF period are due to increased funding for the Non-State Sector to subsidise the sector for additional work opportunities to be created. Phase 3 of the EPWP will continue to increase spending on transfers and subsidies over the medium-term and aims to create 3.3 million work opportunities which are equal to 1.3 million full time equivalents.

During 2016/17 expenditure on performance based incentive allocation is expected to increase with



the funding of R159 million received for incentives. The additional funding received is R10 million for EPWP integrated grant for Municipalities, R84 million for EPWP incentive grant for Provinces and R65 million for the Non-State Sector.

8.3.2.2 Staff establishment for Programme 3

The macro-organisational structure that constitutes Programme 3 is:

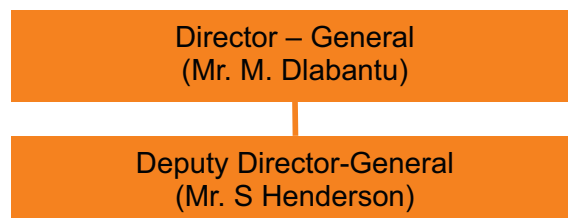


Table 26: Staff establishment for Programme 3: Expanded Public Works Programme

Staff Establishment for Programme 3					
Salary Level	Programme 3 - Expanded Public Works Programme Approved establishment	Programme 3 - Expanded Public Works Programme Filled posts	Programme 3 - Expanded Public Works Programme Vacant posts	Current Vacancy Rate	Programme 3 - Expanded Public Works Programme Additional to the establishment
01					2
02					
03					
4	31	31			
5					
6					5
7	55	44	11	20.0	
8	15	13	2	13.3	
9	15	16	1	6.7	
10	12	9	3	25.0	
11	66	48	16	27.3	
12	55	51	4	7.3	1
13	28	24	4	14.3	1
14	4	4			
15	1	1			
16					
Grand Total	282	241	41	14.5	9

The posts captured as additional to the approved establishment (interns) have been budgeted for under compensation of employees'. The EPWP Branch is responsible for the overall co-ordination of the Expanded Public Works Programme and is headed by a Deputy Director-General. Within the Branch, there are four Chief Directorates, namely, Infrastructure Sector, EPWP Operations, EPWP Partnerships and Monitoring and Evaluation responsible for coordinating and managing performance in all four participating sectors of the EPWP. The Branch has a total staff establishment of 282 officials with a vacancy rate of 14.5%.



8.3.3 Risk management for Programme 3

Table 27: Risk management for Programme 3: Expanded Public Works Programme

Strategic objective	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.
Risk	Lack of capacity and understanding of the EPWP at implementation level
Mitigating factors	<p>Support to be provided to public bodies implementing the programme</p> <p>Ensure institutional arrangements to coordinate, communicate and monitor the programme for different spheres of Government are established and operational</p> <p>Setting norms and standards for implementation across the different sectors</p>



8.4 Programme 4: Property and Construction Industry Policy Regulations

Purpose of the programme:

To promote (a) growth and transformation of and competition in the construction and property industries, and (b) uniformity and best practice in construction and immovable asset management in the public sector.

The Programme consists of the Construction Industry Policy Development and the Property Industry Policy Development sub-programmes.

In giving effect to the purpose of the Programme, the Branch –

- regulates the construction and property industries and related professions;
- provides strategic leadership for transformation, growth and development of the construction and property industries through the development of policies, strategies and best practice guidelines;
- promotes best practice and uniformity in the life-cycle management of state immovable assets;
- promotes skills development in construction and property industries; and
- provides proactive policy responses to Government's national objectives.

The DPW White Papers, namely, Public Works Towards the 21st Century and Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, defines the Department's role in the construction and property sectors. The White Paper - Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry advanced the establishment of the Construction Industry Development Board, the Council for Built Environment and six built environments professional councils regulate the construction industry. This was achieved in 2000, through various pieces of legislation which empowers the Minister, through the above Public Entities, to regulate and transform the construction industry.

In reviewing and revising the current White Papers, the Department will inter-alia, explore strengthening the regulatory role of the Department in the above sectors, while furthering transformation and paving the way for the development of the Public Works Act during the current MTEF period.

Over the past five years, the Construction and Property Policy Regulation Branch has gazetted the Construction Transformation Charter (June 2009), Property Transformation Charter (June 2012) and Regulations for the cidb Register of Contracts (July 2013).

The Branch has further developed the Green Building Framework, Immoveable Asset Life Cycle Management Guideline, Immoveable Asset Disposal Policy and the Skills Development Strategy.

Despite the progress made over the past five years, certain key deliverables were not fully achieved, namely the tabling in Parliament of the Agrément South Africa Bill; approval of the Built Environment Professions Policy and the extension of GIAMA to Local Government. These key deliverables have not been successfully completed and therefore have been prioritised over the short to medium-term.

The key challenges that have limited progress within the Construction and Property Policy Regulation Branch are as a result of lack of research and policy analysis capacity and the limited capacity to effectively monitor and evaluate policy implementation.



8.4.1 Strategic objectives for Programme 4

Table 28: Strategic objective 4.1

Strategic objective 4.1	Promote growth and transformation of and competition in the construction and property industries.
Objective statement	Promotion of growth and transformation of and competition in the construction and property industries over the medium-term through research and the development of policies, legislation and best practices, in consultation with all stakeholders (such as the DPW Entities, Construction and Property Charter Councils, industry stakeholders, organs of State and academic institutions).
Baseline	<ul style="list-style-type: none"> • Draft Agrément South Africa (ASA) Bill approved by Cabinet to gazette for public comment. • Draft Built Environment Professions (BEP) Policy approved by Minister to gazette for public comment. • Draft Business Case (mandate) to establish the Independent Development Trust (IDT) as a public entity approved by Cabinet.
5 Year target	Legislation on Agrément South Africa (ASA), Independent Development Trust (IDT) and Built Environment Professions (BEP) enacted; and revised White Papers on the Public Works function; and the Construction Industry approved by Cabinet.
Justification	The construction and property industries contribute directly to the developmental goals of the country through the provisioning, maintenance and management of infrastructure.
Links	This strategic objective contributes to the provision of strategic leadership to and regulation of the construction and property industries.

Table 29: Strategic objective 4.2

Strategic objective 4.2	Promote uniformity and best practice in construction and immovable asset management in the public sector.
Objective statement	Promotion of uniformity and best practice in construction and immovable asset management in the public sector through research and the development of policies, legislation and best practices, in consultation with all stakeholders (such as the DPW Entities, Government Departments, industry specialists and academic institutions).
Baseline	Expropriation Bill tabled in Parliament.
5 Year target	Best practices on expropriation and immovable asset management developed.
Justification	This objective seeks to review the mandate of Public Works Departments and provide expert advice to all three spheres of Government and State-owned entities on the management of State immovable assets.
Links	This strategic objective contributes directly to the enhancement of immovable assets in the public sector.



8.4.2 Resource considerations for Programme 4

8.4.2.1 Expenditure estimates for Programme 4

Table 30: Expenditure estimates for Programme 4: Property and Construction Industry Policy Regulations

Sub programmes	Audited outcome			Adjusted appropriation	Medium term expenditure estimate		
	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Construction Industry Development Programme	15 989	21 488	17 953	19 948	23 521	24 602	26 014
Property Industry Development Programme	12 040	12 865	8 905	16 734	17 952	18 779	19 858
Total	28 029	34 353	26 858	36 682	41 473	43 381	45 872

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	18 819	22 715	16 851	36 357	41 141	43 042	45 525
Compensation of employees	6 434	7 949	7 916	10 811	14 110	14 760	15 542
Goods and services	12 368	14 763	8 935	25 546	27 031	28 282	29 983
Interest and rent on land	17	3	-	-	-	-	-
Transfers and subsidies	8 982	9 512	9 906	200	200	200	200
Non-profit institutions	8 982	9 431	9 903	-	-	-	-
Households	-	81	3	200	200	200	200
Payments for capital assets	228	101	101	125	132	139	147
Machinery and equipment	228	101	101	125	132	139	147
Payments for financial assets	-	2 025	-	-	-	-	-
Total	28 029	34 353	26 858	36 682	41 473	43 381	45 872

The spending focus over the medium-term will be on tabling the Expropriation Bill and the Agrément South Africa Bill in Parliament to ensure compliance to the constitution and provide the Entity with the legalise status and promoting growth and transformation in the construction and property industries through the development of lifecycle asset management policies through the implementation of the construction and property charters.

Between 2010/11 and 2013/14, the significant growth in expenditure was mainly because of increases in the allocations for compensation of employees and goods and services, specifically travel and subsistence, agency support and outsourced services, professional services, and advertising. Over the medium-term, the Department will continue to utilise the services of a consultants to finalise the two Bills, which is expected to drive spending on consultants and agency support and outsourced services over the MTEF period.

8.4.2.2 Staff establishment for Programme 4

The macro-organisational structure which constitutes programme 4 is:

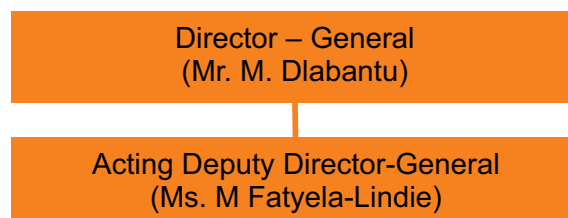




Table 31: Staff establishment for Programme 4: Property and Construction Industry Policy Regulations

Staff Establishment for Programme 4					
Salary Level	Programme 4 – Property and Construction Industry Policy Regulations Approved establishment	Programme 4 – Property and Construction Industry Policy Regulations Filled posts	Programme 4 – Property and Construction Industry Policy Regulations Vacant posts	Current Vacancy Rate	Programme 4 – Property and Construction Industry Policy Regulations Additional to the establishment
01					3
02					
03					
04					
05	2		2	100	
06					
07	1		1	100	
08	2	2			
09	4	1	3	75	
10					
11	6	4	2	33	
12	2	2			
13	3	3			
14	2	1	1	50	
15	1		1	100	
16					
Grand Total	23	13	10	43.4	3

The Property and Construction Policy Regulations Branch is headed by a Deputy Director-General and has a total staff establishment of 23 officials with a vacancy rate of 43.4%. As the largest player in the construction and property sectors, the Department promotes sustainable growth, transformation of and competition in the property and construction industries through the development of policies, legislation and best practice guidelines. As part of the structural review the research capacity will be strengthened to ensure that the Property and Construction Policy Regulations Branch is a centre of expertise in relation to property and construction information.

8.4.3 Risk management for Programme 4

Table 32: Risk management for Programme 4: Property and Construction Industry Policy Regulations

Strategic objective	Risk	Mitigating factors
Promote growth and transformation of and competition in the construction and property industries.	Inappropriate institutional model of IDT.	Development of Governance and accountability structure of the IDT.
	Dual lines of accountability to DPW and CSIR/ DST. Transfers to Agrément South Africa non-compliant with the PFMA.	Participation in the Parliamentary processes on the ASA Bill.



8.5 Programme 5: Auxiliary and Associated Services

8.5.1 Overview of the programme

Purpose of the programme:

Provides services including compensation for losses on the Government assisted housing scheme, assistance to organisations for the preservation of national memorials. Meet the protocol responsibilities for state functions.

Compensation for losses: provides compensation for losses in the state housing guarantee scheme when public servants fail to fulfil their obligations. This sub-programme has no staff complement and has a total budget of R421 000.

Assistance to Organisations for Preservation of National Memorials: provides funding to the Commonwealth War Graves Commission and to the United Nations for maintaining national memorials. This sub-programme has no staff complement and has a total budget of R21.7 million, all of which is transferred to foreign Governments and international organisations.

State functions: provides for the acquisition of logistical facilities for State functions. The sub-programme aims to ensure effective and efficient delivery of all State function logistics. This sub-programme has no staff complement and has a total budget of R67.7 million, all of which is used for goods and services.

Sector Education and Training Authority: The Public Service Education and Training Authority develop a coordinated framework for providing public service education and training. This sub-programme has no staff complement and has a total budget of R1.9 million, all of which is transferred to the Construction Education and Training Authority.



8.5.1 Strategic objectives for Programme 5

Table 33: Strategic objective 5.1

Strategic objective 5.1	Render auxiliary services for state functions and meet financial commitments on compensation for losses, preservations of national memorials, training and skills development.
Objective statement	Provide financial compensation for losses on the Government assisted housing scheme, financial assistance to organisations for the preservation of national memorials, financial assistance to the Section Education and Training Authority and meet the protocol responsibilities for State functions over the medium-term.
Baseline	R17.6 million was transferred for Assistance to Organisations for Preservation of National Memorials. R1.5 million was transferred to Sector Education Training Authority. Provision of logistics for 12 State functions.
5 Year target	100% Budget expended on auxiliary and associated services.
Justification	Auxiliary and associated services renders a variety of auxiliary services required to meet the financial commitments for compensation for losses on the Government assisted housing scheme, preserve national memorials, influence training and skills development throughout the construction industry and meet the protocol responsibilities for state functions.
Links	The strategic objective is linked to the strategic goal of ensuring good corporate governance to support effective and efficient service delivery by meeting financial commitments on auxiliary services and protocol responsibilities.

8.5.2 Resource considerations for Programme 5

8.5.2.1 Expenditure estimates for Programme 5

Table 34: Expenditure estimates for Programme 5: Auxiliary and Associated Services

Sub programmes	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Compensation for Losses	265	-	-	284	421	532	560
Distress Relief	-	-	-	1	1	1	1
Loskop Settlement	-	-	-	1	-	-	-
Assistance to Organisations for Preservation of National Memorials	13 863	12 956	15 436	20 510	21 741	22 741	23 946
State Functions	8 810	11 967	36 634	27 132	67 741	28 466	29 975
Sector Education and Training Authority	1 201	278	1 260	2 750	1 915	1 949	2 111
Total	24 139	25 201	53 330	50 678	91 819	53 689	56 593



Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	8 810	11 967	36 634	27 417	68 163	28 999	30 536
Goods and services	8 810	11 967	36 634	27 417	68 163	28 999	30 536
Transfers and subsidies	15 064	13 234	16 696	23 261	23 656	24 690	26 057
Departmental agencies and accounts	1 201	278	1 260	2 750	1 915	1 949	2 111
Foreign governments and international organisations	13 863	12 956	15 436	20 510	21 741	22 741	23 946
Households	-	-	-	1	-	-	-
Payments for financial assets	265	-	-	-	-	-	-
Total	24 139	25 201	53 330	50 678	91 819	53 689	56 593

The spending focus over the medium-term will be on providing assistance to the Commonwealth War Graves Commission and the United Nations for the preservation of national memorials and seeing to the logistics of facilities required for state functions. The bulk of spending in this programme goes towards goods and services and transfers and subsidies for the State functions and Assistance to Organisations for Preservation of National Memorials sub-programme.

Between 2010/11 and 2013/14, expenditure increased significantly mainly on contractors under goods and services. The growth in expenditure was mainly the result of the increase in the allocation for goods and services to fund the state functions, including state funerals declared by the President. Over the medium-term, expenditure for State functions is expected to increase, at an average annual rate of 3.4%, mainly to provide for the Presidential Inauguration Ceremony in 2014.

8.5.3 Risk management for Programme 5

Table 35: Risk management for Programme 5: Auxiliary and Associated Services

Strategic objective	Risk	Mitigating factors
Render auxiliary services for state functions and pay financial commitments on compensation for losses, preservations of national memorials, training and skills development.	Short turnaround times to provide infrastructure requirements for State functions.	Enter into term contracts for services under R500 000. For services above R500 000 go on an open tender with exemptions requested from National Treasury in terms of section 79 of the PFMA.
	Changing of scope or specification for state events after conclusion of the procurement process.	Put in place standard operating procedures to ensure specifications are signed off before commencement of the tender process.

PART C:

Links to other plans



9. Links to the long-term infrastructure and other capital plans

Table 36: Long Term Infrastructure Plan: New, replacement, upgrades and additions

No of projects	Project description	Infrastructure Programme type	Output	Outcome			Main appropriation	Adjusted appropriation 2013/14	Revised estimate	Medium-Term Estimates		
				2010/11	2011/12	2012/13				2014/15	2015/16	2016/17
95	Various	Departmental	Various	261,201,000	285,294,000	228,106,000	227,000,000	-	227,000,000	86,000,000	158,000,000	204,066,000
119	Various	Accessibility	Various	18,978,000	11,386,000	4,992,000	25,000,000	-	25,000,000	11,369,000	9,005,000	9,482,265
37	Various	Dolomite Risk Management	Various	11,861,000	32,167,000	32,355,000	54,000,000	-	54,000,000	17,000,000	141,000,000	148,473,000
110	Various	Land Ports of Entry	Various	372,000,000	274,626,000	233,892,000	202,206,000	-	202,206,000	233,000,000	285,000,000	277,239,000
17	Various	Inner City Regeneration	Various	145,389,000	42,069,000	94,638,000	55,000,000	-	55,000,000	107,000,000	101,000,000	106,353,000
60	Various	Prestige	Various	446,445,000	365,876,000	118,820,000	113,000,000	-	113,000,000	56,000,000	150,000,000	139,540,000

Table 37: Long Term Infrastructure Plan: Maintenance and repairs

No of projects	Project description	Infrastructure Programme type	Output	Outcome			Main appropriation	Adjusted appropriation 2013/14	Revised estimate	Medium-Term Estimates		
				2010/11	2011/12	2012/13				2014/15	2015/16	2016/17
2088	Various	Planned maintenance (current)	Various	1 710 399 627	1 398 390 933	1 630 271 035	1 482 480 031	-	1 482 480 031	1 600 127 485	1 589 878 536	2 007 856 158

Table 38: Long Term Infrastructure Plan: Rehabilitation, renovation and refurbishment

No of projects	Project description	Infrastructure Programme type	Output	Outcome			Main appropriation	Adjusted appropriation 2013/14	Revised estimate	Medium-Term Estimates		
				2010/11	2011/12	2012/13				2014/15	2015/16	2016/17
1241	Various	Planned maintenance (capital)	Various	303 799 353	721 244 904	718 712 017	947 592 773	-	947 592 773	1 098 443 515	1 451 070 465	1 577 981 843



Notes on the Long Term Infrastructure Plan:

The management of infrastructure under the custodianship of the Department is required to align with the requirements of the Government-wide Immovable Asset Management Act, 2007, for which the U-AMP's and the C-AMP are key inputs and output respectively.

Currently U-AMP's, where provided by user departments, and the Department's C-AMP are aligned to a three year MTEF cycle. GIAMA also requires that a condition assessment of each immovable asset be determined by custodians at least once in every 5 years.

The submission of a comprehensive 20-30 year plan, being a requirement for which both user departments and the Department (as custodian) need to comply with in achieving appropriate life-cycle asset management, will require that all user departments submit annual U-AMP's and that these should be informed by appropriate accommodation requirements projected over a longer, 20-30 year, horizon.

In its custodial role, the Department will be required, inter alia, to undertake regular condition assessments of all its immovable assets to inform a meaningful life-cycle plan for each, not an insignificant nor inexpensive task for a portfolio numbering approximately 36 000 facilities.

In order to respond fully to its custodial mandate, the Department has embarked on a short to medium-term process to analyse its entire portfolio based on the outcomes of its key Immovable Asset Register Enhancement project. This will also include an evaluation of the financial and technical performance of all immovable assets within its portfolio which, in addition to an individual condition assessment, will inform the required 20-30 year lifecycle asset portfolio plan.

In the short-term, a pilot project to determine the condition of all immovable assets on 147 of its facilities will be complete in 2014/15, and it is foreseen that a 20-30 year plan for those facilities will be submitted thereafter. In addition, feasibility studies projecting lifecycle income and expenditure (CAPEX, OPEX (including the Departmental accommodation-charge modality)) will become the norm per project from 2014/15 in alignment with National Treasury Guidelines, the aggregate of which will inform a comprehensive long term asset plan.



10. Conditional grants

Table 39: EPWP conditional grants: EPWP Integrated Grant to Provinces

Name of grant	EPWP Integrated Grant to Provinces.
Purpose	To incentivise provinces to increase labour intensive employment through programmes that maximise job creation and skills development as encapsulated in the Expanded Public Works Programme Incentive Grant for Provinces and Municipalities (EPWP) guidelines.
Performance indicator	<p>Number of work opportunities reported per annum.</p> <p>Number of Full Time Equivalents (FTEs) per annum.</p> <p>Percentage of grant disbursed per annum.</p>
Continuation	Over the MTEF
Motivation	<p>Improvements to the quality of life of unemployed people through employment creation and increased income from the EPWP.</p> <p>Contribution towards job creation.</p> <p>Improved social stability through mobilising the unemployed into productive work.</p>

Table 40: EPWP conditional grants: EPWP Integrated Grant to Municipalities

Name of grant	EPWP Integrated Grant to Municipalities.
Purpose	To incentivise municipalities to increase labour intensive employment through programmes that maximise job creation and skills development as encapsulated in the Expanded Public Works Programme Incentive Grant for and Municipalities (EPWP) guidelines.
Performance indicator	<p>Number of work opportunities reported per annum.</p> <p>Number of Full Time Equivalents (FTEs) per annum.</p> <p>Percentage of grant disbursed per annum.</p>
Continuation	Over the MTEF
Motivation	<p>Improvements to the quality of life of unemployed people through employment creation and increased income from the EPWP.</p> <p>Contribution towards job creation.</p> <p>Improved social stability through mobilising the unemployed into productive work.</p>

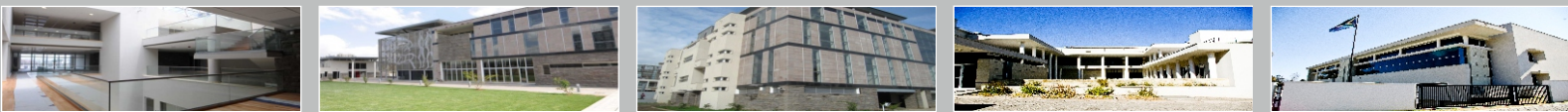


Table 41: EPWP Conditional grants: Social Sector EPWP Grant for Provinces

Name of grant	Social Sector EPWP Grant for Provinces.
Purpose	<p>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</p> <p>80 % of the grant is meant for payment of stipends to the EPWP beneficiaries and 20% can be utilised to strengthen the delivery capacity at the Not-for-Profit (NPO)/Implementing Agent's (IA) level.</p>
Performance indicator	<p>Number of work opportunities reported per annum.</p> <p>Number of Full Time Equivalent (FTEs) per annum.</p> <p>Number of beneficiaries receiving services.</p> <p>Number of NPOs/IAs supported.</p> <p>Percentage of grant disbursed per annum.</p>
Continuation	Over the MTEF.
Motivation	<p>Improved service delivery to communities by expanding the reach and quality of social services.</p> <p>Improved quality of life of unemployed people through employment creation and increased income from the EPWP.</p> <p>Contribution towards job creation.</p> <p>Improved social cohesion and stability through mobilising the unemployed into productive work.</p> <p>Strengthened NPOs and IAs to deliver EPWP work opportunities.</p>

Table 42: EPWP Conditional grants: Non State Sector Wage Subsidy

Name of grant	Non State Sector Wage Subsidy.
Purpose	To increase job creation through the expansion of Non State Sector EPWP programmes.
Performance indicator	<p>Number of work opportunities reported per annum.</p> <p>Number of Full Time Equivalent (FTEs) per annum.</p> <p>Percentage of grant disbursed per annum.</p>
Continuation	Over the MTEF
Motivation	<p>The wage subsidy assists Non-Profit Organisations (NPOs) to contribute to the job creation agenda of South Africa.</p> <p>Improvements to the quality of life of unemployed people through employment creation and increased income from the EPWP.</p> <p>Improved social stability through mobilising the unemployed into productive work.</p>

11. Public Entities

Table 43: Public Entities reporting to the Department of Public Works

Name of Public Entity	Mandate	Outputs	2014/15 budget (R '000)	Date of next evaluation
<p>Council for the Built Environment (CBE)</p>	<p>To regulate and coordinate the six built environment Professional Councils (in professions such as architecture, engineering, property valuers, quantity surveying, project and construction management and landscape architecture).</p>	<p>1. Undertake in partnership with various stakeholders, 5 joint initiatives and projects that are responsive to development priorities of Government within the built environment; (including: skills to support Government's infrastructure delivery programme, health and safety in construction, labour intensive construction, environmental sustainability in the built environment and transformation of the built environment professions.)</p> <p>2. Implement skills development initiatives within the built environment professions.</p> <p>a. Create awareness on built environment careers, reaching at least 200 schools.</p> <p>b. Roll out Maths, Science and Technology support programmes at schools reaching a t least 150 students.</p> <p>c. Finalise the Structured Candidacy Programme that provides principles on practical training and mentoring of candidates across the six built environment professions.</p> <p>d. Placement of 50 and 100 interns for workplace training.</p> <p>e. Provide a monitoring report on RPL (Recognition of Prior Learning) within all six professional councils.</p> <p>f. Roll out of Continuous Professional Development (CPD) support programme to assist all six professional councils to retain registered professionals.</p> <p>g. Provide a monitoring report on accreditation of academic programmes and academic institutions offering built environment courses.</p>	<p>R43 535 (DPW transfer: R41 572 & other revenue R1 963)</p>	<p>Performance evaluation done quarterly</p>



Name of Public Entity	Mandate	Outputs	2014/15 budget (R '000)	Date of next evaluation
<p>Construction Industry Development Board</p>	<p>Provide strategic leadership to construction industry stakeholders to stimulate sustainable growth, reform and improvement of the construction sector.</p> <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>	<p>3. Establish a research hub for built environment information and research that is of priority and relevance to the 6 professional councils, DPW, research on built environment issues impacting on service delivery and those built environment issues impacting on the economy.</p> <p>4. Provide a public interface mechanism to create general public and public sector awareness on built environment issues.</p> <p>Various outputs mentioned below, relate to and support the provision of strategic leadership to the construction industry stakeholders.</p> <ol style="list-style-type: none"> 1. National Contractor Development Programme (NCDP) Framework document. 2. Client department's generic NCDP awareness and capacitation workshop. 3. Provincial Contractor Development Forum (PCDF) held in each of the nine provinces. 4. CDP Monitoring and Evaluation (M&E) 5. Facilitating National Contractor Development Forum chaired by DPW. 6. NCDP capacitation of municipalities and CDP rollout via SALGA and COGTA processes reports. 7. Procurement focus support workshop. <ol style="list-style-type: none"> 1. Construction best practice guides. 2. cidb Best Practice Contractor Recognition Scheme roll-out and implementation. 3. cidb Best Practice Project Assessment Scheme; roll-out and implementation. 4. cidb Infrastructure Delivery Skills Strategy; roll-out and implementation. 	<p>R128 540 (R77 212 DPW transfer)</p>	<p>Performance evaluation done on a quarterly basis.</p>



Name of Public Entity	Mandate	Outputs	2014/15 budget (R '000)	
	<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 a code of conduct;</p> <p>Develop systematic methods for monitoring and regulating the performance of the industry and its stakeholders, including the registration of projects and contractors.</p>	<ol style="list-style-type: none"> 1. Revision of Infrastructure Delivery Management Toolkit 2. Construction procurement competence standards. 3. Implementation of compliance strategy. 4. Anti-corruption strategy. 1. Monitoring reports, and sector specific status reports, including State of Employment in the Construction Industry. 2. Effective and efficient national Construction Registers Service. 3. Alignment of registration requirements with the construction industry and with the state of development of the emerging sector. 		
Agreement South Africa	<p>Facilitate the safe introduction, application and utilisation of satisfactory innovation and technology development in the construction industry as the internationally acknowledged, objective South African centre by providing assurance of fitness-for-purpose of such technologies which optimise resource utilisation and realise cost savings in the industry.</p>	<ol style="list-style-type: none"> 1. Technical assessment and certification of non-standardised innovative and non-standard building and construction products. 2. Serve consumer and user interests by providing assurance of fitness-for-purpose and value for money of innovative, non-standardised construction technology as well as on-going quality assurance. 3. Work with the construction sector to facilitate the introduction of cost effective technology and non-standardised construction technology. 4. Disseminate correct, objective and relevant information to all concerned in respect of the technical, socio-economic and regulatory aspects of innovative technology and non-standardised construction technology. 5. Support policy makers at all levels and minimise the risk associated with the use of innovations. 6. Support the application of the National Building Regulations. 	<p>R12 931 (DPW transfer R11 092 and other revenue of R1 839).</p>	<p>Performance evaluation done quarterly.</p>



Name of Public Entity	Mandate	Outputs	2014/15 budget (R '000)	
		<p>7. Actively maintain international links with peer organisations and support the South African construction industry in its export activities by facilitating the approval of South African innovative construction products in foreign countries.</p> <p>8. Facilitate the acceptance of innovative products within the context of the government's new priorities and policies.</p>		
<p>Independent Development Trust</p>	<p>To support all spheres of Government with the implementation of the national development agenda with particular reference to the eradication of poverty, employment creation, and the creation of sustainable and cohesive communities.</p>	<p>Strategic Objective 1: To deliver quality social infrastructure on time, within budget and scope.</p> <p>Outputs</p> <ol style="list-style-type: none"> 1. Number of Government Departments supported. 2. Value of programme spend 3. Number of new/replacement schools completed 4. Number of work opportunities created through IDT portfolio 5. Number of EPWP-NSS work opportunities created. 6. Number of EPWP cooperatives, NPOs and CBOs supported. 7. Percentage value of BBBEE spend 8. Value of contracts awarded to women contractor as a percentage of programme spend 9. Value of contracts awarded to youth contractors as a percentage of programme spend 10. Percentage of women contractors participating in the Contractor Development Programme. 11. Value of contracts awarded to contractor development programme participants as a percentage of programme spend. 	<p>R387 500 (DPW transfer R50 000 and Management fees R337 500)</p>	<p>Corporate performance evaluation done quarterly</p>

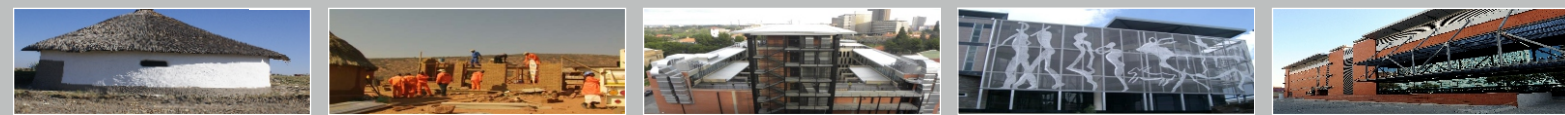


Name of Public Entity	Mandate	Outputs	2014/15 budget (R '000)
		<p>Strategic Objective 2: A compliant, result-based, efficient and focused organisation.</p> <p>Outputs</p> <ol style="list-style-type: none"> 1. Compliance with relevant legislation and regulations. 2. Effective financial and non-financial performance management. 3. Effective Risk Management 4. Sound governance. 5. Effective human capital management. 6. IDT's long-term sustainability model confirmed. 7. % Efficiency ratio: 6.6% 8. Average management fee 9. Effective communications strategy. 10. Number of comprehensive strategic and operations research projects. 	

12. Public Private Partnerships

There are no Public Private Partnerships to report on for the planned period.





13. Annexure A: Legislation that the Department of Public Works administers

Table 44: Legislation the Department of Public Works administers

Short Title of the Act	Purpose of the Act
Before Union (prior to 1910)	
Cape Outspans Act 17 of 1902	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.
During Union (1910 – 1961)	
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 Holding (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 titled 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.



Short Title of the Act	Purpose of the Act
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.
Republic (1961 – 1994)	
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.



Short Title of the Act	Purpose of the Act
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 DPW and Land Affairs 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.
South Africa (1994 to date)	
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.



Short Title of the Act	Purpose of the Act
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	The purpose of the Act is 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.



14. Annexure B: Technical Indicator Descriptions

Indicator title	An efficient, competitive and responsive accommodation infrastructure network
Short definition	The Department of Public Works provides office and functional accommodation to user departments. The accommodation provided must meet the financial, technical and social requirements of user departments to create an enabling environment for the delivery of services to citizens.
Purpose/importance	Investment in social infrastructure is necessary to support the medium and long term objectives of the country.
Source/collection of data	The source of the data is based on the DPW Custodian Asset Management Plan and User Asset Management Plans of user departments which are translated into implementation programmes for Capital Works, Planned Maintenance and Leasing.
Method of calculation	Projects / Leases are counted based on information captured on the Works Control System and Property Management Information System
Data limitations	Non submission of User Asset Management Plans by user departments, inaccurate system information
Type of indicator	Output indicator
Calculation type	Cumulative
Reporting cycle	Annually for 5 years - the indicator is long term aligned to the MTSF
New indicator	No
Desired performance	Ensuring that immovable assets meet the service delivery objectives of user departments and enables access to Government services
Indicator responsibility	Director-General

Indicator title	Strategic leadership and regulation of the construction and property sectors to promote economic empowerment and skills development
Short definition	To contribute to the transformation, growth and competitiveness of the construction and property industries, whilst providing leadership and guidance on best practice to organs of state active in these sectors.
Purpose/importance	To transform and promote best practice in the construction and property sectors towards the enhanced performance and the creation of economic opportunities to address unemployment, poverty and inequality
Source/collection of data	Research on the construction and property sectors to inform the development of responsive policy positions, legislation and guidelines.
Method of calculation	n/a
Data limitations	None
Type of indicator	Outcome and output
Calculation type	Cumulative
Reporting cycle	Annually and over the MTSF
New indicator	No
Desired performance	Transformed construction and property sectors to create economic opportunities
Indicator responsibility	Director-General



Indicator title	Good corporate governance to support effective and efficient service delivery
Short definition	To ensure a compliant and well-functioning Department with employees that are committed to serving user departments and capable of delivering consistently high quality of services while prioritising the nation's developmental objectives
Purpose/importance	Good governance advances accountability and transparency in decision-making thereby improving the state's capacity to fulfil its responsibility in delivering its public services
Source/collection of data	Auditor-General Reports
Method of calculation	n/a
Data limitations	None
Type of indicator	Output indicator
Calculation type	Cumulative
Reporting cycle	Annually and over the MTSF
New indicator	No
Desired performance	Unqualified audit outcome
Indicator responsibility	Director-General

Indicator title	Decent employment through inclusive economic growth
Short definition	Providing opportunities for the unemployed, especially young people, women and people with disabilities to contribute to the economy ensuring greater income equality
Purpose/importance	The National Development Plan provides a long term vision through to 2030 towards dealing with the challenges of unemployment, inequality and creating a more inclusive society. The EPWP provides short term relief for the unemployed and builds community solidarity and agency.
Source/collection of data	Information is based on the EPWP Business Plan as approved by Cabinet for EPWP Phase 3 (2014-2019).
Method of calculation	The target of 6 million work opportunities is based on the long term vision of the National Development Plan
Data limitations	Poor reporting on work opportunities created through the EPWP by Public Bodies
Type of indicator	Output indicator
Calculation type	Cumulative
Reporting cycle	Quarterly, annually and over the MTSF
New indicator	No
Desired performance	Creation of 6 million work opportunities for the period 2014-2019
Indicator responsibility	Director-General



Indicator title	Contribute towards comprehensive rural development
Short definition	To contribute to the development of rural areas that are spatially, socially and economically well integrated through the disposal of suitable, well located state land.
Purpose/importance	Supports the provision of social and physical infrastructure to achieve an inclusive rural economy
Source/collection of data	Immovable assets are identified based on the Immovable Asset Register
Method of calculation	State immovable assets are identified based on properties that form part of rural development plans or which may be superfluous to the state.
Data limitations	Identification of properties for disposal may be impeded by an incomplete and inaccurate immovable asset
Type of indicator	Output indicator
Calculation type	Cumulative
Reporting cycle	Quarterly, annually and over the MTSF
New indicator	No
Desired performance	DPW infrastructure plans integrated with sector departments and 25 rural municipal SDF's
Indicator responsibility	Director-General

The 2014-19 Strategic Plan for the Department of Public Works is compiled with the latest available information from departmental and other sources.
Some of this information is unaudited or subject to revision.

Department of Public Works (DPW)
Head Office: Public Works
CGO Building
Cnr Bosman and Madiba Streets
Pretoria Central
Private Bag X65
Pretoria
0001
Website: <http://www.publicworks.gov.za>

The 2014-19 Strategic Plan is also available on www.publicworks.gov.za

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