

Strategic Plan

2015 - 2020



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

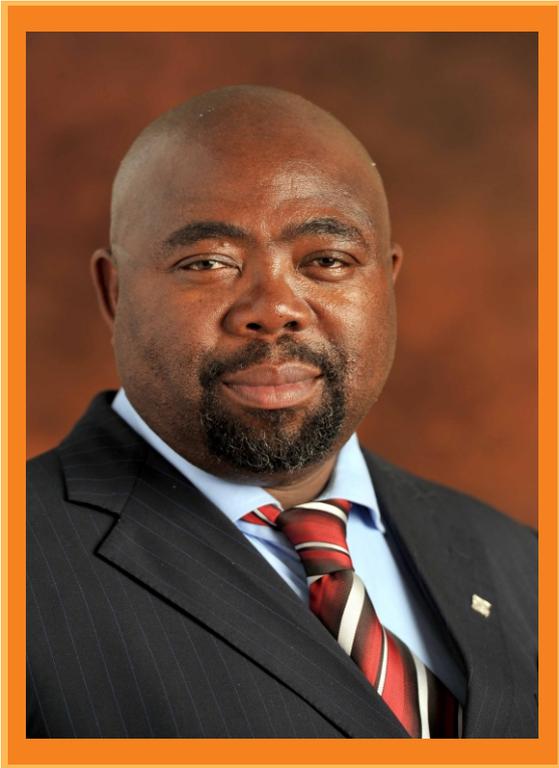
STRATEGIC PLAN

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Minister's Foreword

My Department's approach to provide accommodation to Government and to regulate and transform the built environment for the 2015 – 2020 term, is defined by a strategically determined Transformative Agenda. While our policy imperatives are underpinned by the National priorities of Government, the National Infrastructure Plan, the National Development Plan (NDP), the Medium Term Strategic Framework (MTSF) and the State of the Nation Address (SONA), the implementation, during this critical phase of our democratic transformation, will be driven by our “Seven-year Plan to rebuild the Department of Public Works” or the Turn-around Strategy, as it is popularly known.

The first phase of the Turnaround Strategy was structured to stabilise my Department due to its historical poor performance and the lack of adequate management and financial controls. This resulted in eight (8) years of adverse audit findings and high levels of fraud and corruption, as evidenced in the reports of the Public Protector and the Special Investigations Unit (SIU). The Turnaround Strategy now, repositions my Department to better discharge its responsibilities and details the modus operandi for the fundamental shift to transform the manner in which business will be conducted.

This will ensure effective implementation through a focused plan with measurable deliverables against budgets and timeframes. The approach complements the Medium Term Strategic Framework (MTSF) priority area of “Radical economic transformation, economic growth and job creation” and aligns to National Outcome 4 “Decent employment through inclusive economic growth” which I will personally oversee, as part of my responsibility. In this respect, my Department's flagship programme, the Expanded Public Works Programme (EPWP) will continue to be utilised as the basis for the creation of work opportunities for the poor and unemployed and six (6) million work opportunities are targeted to be created during this term. In many EPWP projects, setting aside a percentage of the budget for training has proven to be very effective. Therefore Training will remain a critical component of the EPWP. The EPWP Branch will continuously monitor the implementation and reporting of work opportunities at Provincial and Municipal levels and by the end of 2019 the Branch will again evaluate the impact of the EPWP in terms of work opportunities created and services provided.

In so far as Outcome 12 is concerned, and, based on my Department's statutory mandate, appropriate functional accommodation for user departments to enable them to deliver Government services optimally, will be provided. In this respect, my Department will match the needs of our clients to ensure optimal utilisation of the State's immovable assets.

In collaboration with my Colleagues from Rural Development and Land Reform and Cooperative Governance and Traditional Affairs, I will participate in the delivery of Outcome 7 “Comprehensive rural development and land reform”. In this regard, properties will be released for land reform, human settlements and integrated development in the rural areas. Furthermore, my Department will contribute to the National Rural Spatial Development Plan and ensure the integration of Spatial Development Frameworks (SDFs) for identified rural municipalities are integrated with my Department's Infrastructure Plans.

During this term, my Department will focus on implementing the five (5) key policy priorities that will underpin the indicators, targets and performance agreements within the Department. These policy priorities are:

- i. The creation of 6 million work opportunities for poor and unemployed people through the labour-intensive delivery of public services and infrastructure.
- ii. The operationalisation of Property Management Entity (PMTE) and the transformation of the core property business (including construction management);
- iii. The operationalisation of the Governance, Risk and Compliance Branch to drive anti-corruption and to spearhead the second phase of the Turnaround Strategy;
- iv. A policy review which will culminate in a Public Works Act; and
- v. A renewed and sustained Programme of Action to transform the built environment and the construction and property sectors, as part of the second more radical phase of transition to democracy.

Implicit in the policy priorities is enhancing the efficiency of our current business operations by employing better planning and performance management tools. In this regard, we have established the PMTE which will be supported by the Department through its transition to ensure that the PMTE is suitably capacitated to operate independently and implement the activities identified, and, as endorsed by Cabinet.

The PMTE will add value to the management of the State Property Portfolio by increasing the value of investment in delivering client-centric services and bring savings to the State. It will also facilitate the creation of jobs in small black estate agencies and increase property and facilities management services in smaller towns and rural areas. This will enhance transformation in the property sector, create further jobs, improve services to our clients and help drive development in those areas.

As a result of the operationalisation of the PMTE, the Department will now be able to refine its operating model by placing greater emphasis on the transformation and regulation of the construction and property sectors, manage the EPWP as well as the concurrent functions of three (3) spheres of Government. This will enable greater collaboration between the National and Provincial spheres of Government to ensure that all projects and programmes are underpinned by integrated and coordinated planning and implementation approaches. Furthermore, my Department will now be able to undertake its oversight role over the entities and the PMTE. During this term, we will continue to prioritise the Prestige portfolio, in line with the Ministerial Handbook to improve the service to the Prestige Clients and finalising the norms and standards for both movable and immovable assets.

The Department has made significant strides in the past financial year with regard to improving the audit outcomes of the DPW Vote. The targeted intervention launched by the Department during the 2012/13 financial year realised positive results with the reversal of consecutive negative audit outcomes, to an unqualified audit opinion being expressed by the Auditor-General of South Africa (AGSA) for 2013/14. It is the Department's commitment to sustain these gains and build on them to achieve substantial further efficiency enhancements of its operations over the next five years. This will be achieved through improved planning mechanisms and the introduction of rigorous performance management tools to bolster the monitoring and evaluation of key deliverables.

Following on the Department's historical reputational damage relating to corruption, mismanagement and poor performance, active measures have already been undertaken to reduce fraud and corruption in the Department. This was achieved by strengthening the Governance, Risk and Compliance Branch and the approval of the Fraud Prevention Strategy

the Anti-Fraud and Corruption Policy. These measures will be utilised as the blueprint for immediate implementation against fraud and corruption misconduct within the Department. It is my firm belief that the prevalence of fraud and corruption incidents will now be reduced due to heightened regard for and responses to prevention, detection, investigation and resolution of fraudulent cases, as well as enhanced integrity of the Department's operational activities.

Significant efforts are being put into place to operationalise an effective Change Management Strategy to facilitate a performance-driven culture by upskilling personnel and to achieve tangible results. Through the seed fund received from the National Treasury and Construction Education and Training Authority (CETA) to build technical capacity, my Department has expanded the Young Professionals Programme to include the Artisan Development Programme. These initiatives will increase the range of the Department's professional services and will ensure that the Department plays a pivotal role in the supply of built environment skills and to support the work of the Presidential Infrastructure Projects as overseen by the Presidential Infrastructure Coordinating Committee (PICC).

My Department is in the process of developing and implementing an Information Communication Technology (ICT) Strategy which will support our business needs. This together with the Service Delivery Model Framework (SDMF) will drive improvements in the planning, execution and monitoring of construction management.

As part of the processes to monitor our performance, a comprehensive Monitoring, Evaluation and Impact Assessment System (MEIAS) will be developed to provide the analytical basis for continuous improvement in the services we provide. The MEIAS will be aligned to the detailed Service Delivery Model which will furnish information on customer satisfaction, our capability to spend our budget and provide value for money.

I am committed to drive transformation and, in partnership with our Entities and Charter Councils, professional training will be expanded. This will promote integrity, transparency and quality outputs from the contractors. As part of this process, emerging black and female contractors, Small, Medium and Macro-sized Enterprises (SMMEs) that function as property practitioners and Cooperatives, will be prioritised to reflect the demographics of our country.

In conclusion, I commit myself and my Department to sustainable development. In this regard, together with our different stakeholders, we will review our mandate, purpose and responsibilities as Public Works across the different spheres of Government. In conjunction with the Provincial Departments of Public Works, we will undertake the review of DPW's White Papers (1) Public Works towards the 21st Century (1997) and (2) Creating an Enabling Environment for Reconstruction Growth and Development in the Construction Industry (1999) towards the development and enactment of a Public Works Act by 2018. In addition, the Department will be submitting a Bill for the amendment of the State Land Disposal Act, 1961 and the Public Works General Laws Amendment and Repeal Bill for promulgation. This will clarify and refresh the mandate of my Department.



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 2015-2020.

Mr. I Fazel
DDG: Governance, Risk and Compliance

Signature:



Mr. C Mokgoro
Chief Financial Officer

Signature:



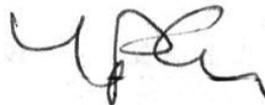
Mr. M Dlabantu
Director-General

Signature:



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

Signature:



Approved by:

T W Nxesi
Minister of Public Works

Signature:



Official sign off

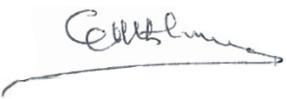
EXCO MEMBERS	
	<p>C Mtshisa Deputy Director-General: Corporate Services</p>
	<p>S Henderson Deputy Director-General: Expanded Public Works Programme</p>
	<p>M Fatyela-Lindie (Ms) Act Deputy Director-General: Policy</p>
	<p>M Sazona National Coordinator: Prestige</p>

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ACRONYMS

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
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
DDG	Deputy Director General
DMS	Document Management System
DORA	Division of Revenue Act
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
DRDLR-VTT	Department of Rural Development and Land Reform- Variation Task Team
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
GIAMA	Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007)
GIS	Geographical Information System

ACRONYM	FULL DESCRIPTION
GITC	GIAMA Implementation Technical Committee
GRAP	Generally Recognised Accounting Practice
GRC	Governance, Risk and Compliance
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
iE Works	Integrated Electronic Working System
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
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

ACRONYM	FULL DESCRIPTION
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
REAR	Real Estate Asset Register
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
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

1. Vision

A service-oriented Public Works Department focusing on the formulation of legislative prescripts and policy to support the delivery of sound immovable asset management while contributing to the national agenda for social and economic development.

2. Mission

To drive a professional, innovative and integrated Public Works Department by:

- i. setting legislative and policy prescripts together with norms and standards for the management of State-owned and leased-in accommodation, land and infrastructure for the Public Works sector;
- ii. supporting provinces to fulfil the concurrent functions and service delivery obligations in the Public Works sector;
- iii. contributing to the national goals of job creation and poverty alleviation through the coordination of the Expanded Public Works Programme (EPWP);
- iv. providing guidance to our stakeholders to facilitate delivery in the built-environment within the context of Department's mandate; and
- v. affording strategic leadership to the South African Construction and Property industries.

3. Values

The core values of the Department of Public Works are underpinned by the Batho Pele principles, and are augmented by the following values:

- i. Integrity : by consistently honouring our commitments, upholding ethical, honest behaviour and transparent communication;
- ii. Professionalism : by treating our stakeholders with respect and reliably delivering against expectations;
- iii. Teamwork : by respecting diversity while sharing a common purpose and working together in cooperation with each other; and
- iv. Innovation : by tirelessly seeking opportunities for service delivery improvement by thinking freely and not bound by old, non-functional, or limiting structures, rules, or practices.

4. Strategic outcome-orientated goals

4.1 Goals linked to service delivery

In order to execute its mandate competently, the Department of Public Works (Department) has identified five strategic outcome-orientated goals that define its direct service delivery responsibilities. These goals are:

- i. Sound legislative and policy prescripts to accelerate service delivery;
- ii. Oversight, leadership and support to Provincial Public Works;
- iii. Coordination of the EPWP for the creation of decent employment through inclusive economic growth;
- iv. Strategic leadership and regulation of the construction and property sectors to stimulate economic empowerment and skills development; and
- v. Good corporate governance to support proficient service delivery.

The Strategic Goals together with the goal statements, justification and links to other Outcomes and the National Development Plan (NDP), follow in the tables hereunder.

Table 1: Strategic Outcome Oriented Goal 1

Strategic goal 1	Sound legislative and policy prescripts to accelerate service delivery
Goal statement	To improve efficiencies in service delivery through the development of the Public Works Act, Guidelines for the Custodian and Asset Management Plans, 7 Policy Frameworks for Prestige and other legislative and policy prescripts by 2020.
Justification	The Department is responsible for ensuring uniformity in the planning and execution of Public Works' functions by determining the regulatory environment, formulating policy, setting minimum norms and standards, providing leadership, monitoring and evaluating of the sector.
Links	Outcome 12 highlights the need to improve coordination between departments and other organs of State for greater policy coherence and more effective implementation. Greater policy coherence will also be promoted through steps to institutionalise long-term planning ¹

Table 2: Strategic outcome-oriented goal 2

Strategic goal 2	Oversight, leadership and support to Provincial Public Works
Goal statement	Leadership, capacity support and consultation with Provincial Public Works Departments through the Infrastructure Delivery Management System (IDMS), Immovable Asset Register, Government Immovable Asset Management Act (GIAMA), Property Management, Finance and Monitoring and Evaluation Task Teams to ensure the coordinated and integrated implementation of national policies and programmes at National and Provincial level.
Justification	Provinces are mainly responsible for implementation, in accordance with the nationally determined policy and implementation guidelines. To ensure efficient delivery of concurrent functions, there must be proper coordination of policy, budgeting, planning, implementation and reporting within the Public Works sector.
Links	In accordance with Schedule 4, Part 4, of the Constitution: <i>Functional Areas of Concurrent National and Provincial Legislative Competence</i> , all spheres of Government and organs of State must collaboratively work together to fulfil the legislative requirements for the effective, efficient, transparent, accountable and coherent delivery of services. ²

¹Medium Term Strategic Framework : Outcome 12: Page 1

²Republic of South Africa. 1996. Constitution of the Republic of South Africa, 1996: Part 4

Table 3: Strategic outcome-oriented goal 3

Strategic goal 3	Coordination of the EPWP Phase III for the creation of decent employment through inclusive economic growth
Goal statement	Lead and coordinate the creation of 6 million work opportunities by 2019 through labour intensive delivery methodologies and skills programmes for the participation of the unemployed and unskilled in delivering identified services and the 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	Alignment with Government's strategic interventions to deal with the challenges of unemployment, poverty, inequality and creating a more inclusive society as outlined in Outcome 4. ³

Table 4: Strategic outcome orientated goal 4

Strategic goal 4	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 the Public Works Act, the amendment of the State Land Disposal Act, and the Property Management Empowerment Policy.
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). ⁴

Table 5: Strategic outcome orientated goal 5

Strategic goal 5	Good corporate governance to support effective and efficient service delivery.
Goal statement	Drive the Efficiency Enhancement Phase (Phase II) of the Turnaround Strategy of the Department of Public Works and the Property Management Trading Entity to achieve full stabilization and improve efficiencies for rebuilding the Department by 2020.
Justification	The Turnaround Strategy and its implementation is a prerequisite for the strategic performance of the Department and the PMTE. The Turnaround Strategy is based on the need to address critical and foundational aspects of service delivery as well as to ensure immediate improvements that can be used to elicit further success
Links	Prioritising the objectives set out in the NDP, including, 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 ⁵ .

³ Medium Term Strategic Framework: Outcome 4: Page 3

⁴ Medium Term Strategic Framework: Outcome 5: Page 15-16

⁵ National Development Plan: Chapter 13: Page 363

4.2 Goals linked to the Medium Term Strategic Framework

The Strategic Goals of the Department are aligned to the following priority areas within the Medium Term Strategic Framework (2014-2019) (MTSF).

Table 6: Alignment between Strategic Goals and National Outcomes

MTSF priority area	National outcome	Strategic goal	Programme within the Department
Radical economic transformation, rapid economic growth and job creation. ⁶	4: Decent employment through inclusive economic growth ⁷	3: Coordination of the EPWP for the creation of decent employment through inclusive economic growth.	Programme 3
		4: Strategic leadership and regulation of the construction and property sectors to promote economic empowerment and skills development.	Programme 4
Create employment to ensure that the country is kept working, individuals are engaged in meaningful activity, and vulnerable groups and citizens are protected from the effects of poverty. ⁸	13: An inclusive and responsive social protection system ⁹	3: Coordination of the EPWP for the creation of decent employment through inclusive economic growth.	Programme 3
Building a developmental state including improvement of public services and strengthening democratic institutions. ¹⁰	12: An efficient and effective development-oriented Public Service ¹¹	1: Sound legislative and policy prescripts to accelerate service delivery.	Programme 5
		2: Oversight, leadership and support to Provincial Public Works	Programme 2
		5: Good corporate governance to support effective and efficient service delivery	Programme 1

⁶ The Strategic Agenda of Government: A summary: Page 8 -9

⁷ Medium Term Strategic Framework: Outcome 4, Sub Outcome 9: Page 27

⁸ The Strategic Agenda of Government: A summary : Page 8-9

⁹ Medium Term Strategic Framework: Outcome 13, Sub Outcome 2: Page 11

¹⁰ The Strategic Agenda of Government: A summary: Page 8 -9

¹¹ Medium Term Strategic Framework: Outcome 12, Sub Outcome 4: Page 15

5. Links to Government-wide plans

The implementation and smooth functioning of the Department's Strategic Plan is dependent on the synchronisation of its work plan with that of Government's National Priorities and other Government-wide plans. In this regard, the Department has both direct and indirect links with certain Government-wide plans.

5.1 Direct links to the National Development Plan (NDP), New Growth Path (NGP) and Medium Term Strategic Framework (MTSF)

The primary focus of alignment to the Government-wide plans is the Department's concerted effort to implement the proposals identified in the NDP and the MTSF. In this regard, the Department will confront the issues of poverty, inequality and unemployment in the country. Following hereunder are the direct links to the NDP, NGP and the MTSF.

Table 7: Links to NDP Chapter 3, NGP Job Driver 4 and MTSF Outcome 4

NDP Chapter & MTSF National Outcome	NDP Chapter 3: Economy and employment New Growth Path: Jobs Driver 4 : Investing in Social Capital MTSF Outcome 4: Decent employment through inclusive economic growth
Description	<p>The EPWP and the Community Work Programme (CWP) continue to be successful income-generating programmes which benefit 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 III of the EPWP which covers the period 2014/15 to 2018/19 aims to create 6 million work opportunities.</p> <p>As referenced in the NDP, the EPWP will:</p> <ul style="list-style-type: none"> ○ contribute to the reduction in unemployment by creating temporary employment in response to the number of unemployed South Africans; and ○ address gaps in social protection for the unemployed who have no access to Unemployment Insurance Fund (UIF) by providing income support to the unemployed. <p>The NGP, on the other hand, makes reference to the EPWP as "Growing public-service employment to meet public needs, including lower-skilled auxiliary support through the EPWP".</p>
MTEF Budget	The medium-term budget allocation for EPWP (including compensation of employees and goods and services) is R6.8 billion.
Related APP performance indicator	Number of work opportunities as reported in the EPWP reporting system aligned to the EPWP Business Plan (Phase III) ¹²

¹² Department of Public Works: 2015/16 Annual Performance Plan: Programme 3

5.2 Indirect links to the National Development Plan (NDP) and Medium Term Strategic Framework (MTSF)

In addition to the sector outcomes mentioned above, the Department indirectly contributes to the following Government priorities in the NDP and MTSF:

Table 8: Links to NDP Chapter 9 and MTSF Outcome 5

NDP Chapter & MTSF National Outcome	<p>NDP Chapter 9 : Improving education, training and innovation</p> <p>MTSF Outcome 5 - Skilled and capable workforce to support an inclusive growth path.</p>
<p>Description</p>	<p>The Department has a combination of development programmes for built environment professionals and other professions such as the Young Professionals Programme, the Internship Programme, the Learnership Programme and the Artisan Development Programme. Participating candidates are involved in a structured programme where they gain valuable on-the-job experience that will lead towards professional registration.</p> <p>The Department has also taken a comprehensive approach to promote sustainable growth of the Built Environment Professionals (BEPs) through the Council for the Built Environment (CBE). The CBE has initiated a Skills Development Programme to support learners undertaking Mathematics and Science at school level to be able to pursue a career in the built environment. The CBE is also undertaking a Candidacy and Internship Project which targets final year built environment candidates for workplace training. The aim of the project is to address the gap between current education and training provision and the needs of the labour market.</p>
<p>MTEF Budget</p>	<ul style="list-style-type: none"> • CETA: R50 million (ending March 2016 which is the end of the current commitments on National Skills Development Strategy 111) • DPW Young Professional Programme : R45 million (ending 2016/2017) • DPW Management Trainees: R16,2 million (ending 2016/2017) • DPW Mentorships (Professional Services): R9,6 million (ending 2016/2017) • CBE: R23.9 million
<p>Related performance indicators</p>	<p>Number of beneficiaries participating in the DPW skills development programme¹³</p>

¹³Department of Public Works: 2015/16 Annual Performance Plan: Programme 1

Table 9: Links to NDP Chapter 15 and MTSF Outcome 13

NDP Chapter & MTSF National Outcome	NDP Chapter 11 : Social protection MTSF Outcome 13 – An inclusive and responsive social protection system
Description	<p>The NDP argues that “(T) the provision of work opportunities is one of the best forms of social protection” while Outcome 13 of the MTSF identifies the need for an “inclusive and responsive social protection system”. Both Chapter 11 of the NDP and Outcome 13 of the MTSF align to the EPWP’s current primary objective of providing the unemployed with an opportunity to work. Notably, the EPWP contributes to the following broader social protection functions:</p> <ol style="list-style-type: none"> a. The income transfer, as wages, into poor communities not only reduces poverty but is also a form of economic stimulus, targeted directly at the poor. The increased focus on Community Works Programmes also allows this stimulus to address spatial inequality, target the poorest areas and strengthen productive activities in marginalised local economies; b. Participation in work through public employment can assist in building self-esteem, social networks, providing structure in people’s lives, and recognition of their value to their communities; c. The assets and services provided can have transformative impacts on development through various sectors. These sectors comprise the Infrastructure Sector, the Social Sector and the Environment & Culture Sector through programmes such as food security, community safety, building community institutions (including schools and clinics), and improving the quality of life in communities. d. The increased emphasis on participatory approaches, as well as the use of non -profit agencies in delivery, starts to build new forms of partnership between Government, civil society and communities and deepens participation in development planning and ownership of the process. In addition, it has the potential to unlock new forms of agency and active citizenship by enabling communities to take action in relation to their priority challenges, through the mechanism of work.
MTEF Budget	The medium -term budget allocation for EPWP Social Sector Grant is R985 million
Related performance targets	Number of work opportunities reported in the EPWP reporting system aligned to the EPWP Business Plan (Phase III) ¹⁴

¹⁴Department of Public Works: 2015/16 Annual Performance Plan: Programme 3

6. Legislative and other mandates

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

6.1 Constitutional mandate

The Constitutional mandate for the Department is provided in Schedule 4, Part 4, of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) [Constitution] which makes reference to "Functional Areas of Concurrent National and Provincial Legislative Competence."

In executing its mandate, the Department also has to observe the principles of good cooperative governance and intergovernmental relations, as provided for in Section 41 of the Constitution.

6.2 Legislative mandates

The legislative mandates of the Department are underpinned by the following Acts:

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

6.3 Policy Mandates

The Department's policy mandates are derived from the following:

6.3.1 DPW White Paper: Public Works, Towards the 21st Century (1997) [White Paper (1997)]

The White Paper (1997), documented the challenges facing the Department and continues to serve as an overarching policy framework for the Department's restructuring process. This has led to directing the Department to meet Government's socio-economic objectives by becoming a client-orientated organisation which will focus on policy and service reform; property investment, property and facilities management and the implementation of the National Public Works Programmes.

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

The White Paper (1999), sets out Government's policy objectives for the construction industry and focuses on the need to enhance delivery, achieve greater stability, improve industry performance, create value for money and facilitates growth of the emerging construction sector.

6.3.3 Construction Sector Transformation Charter, 2006 (Charter 2006):

The Charter 2006, inter alia, aims to:

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

6.3.4 Property Sector Transformation Charter, 2007 (Charter 2007)

The Charter 2007 aims to promote the objectives contained in Section 2 of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) [BBBEE Act] as these relate to the Property Sector and, in particular but without limitation, inter alia, to:

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

6.3.5 DPW Broad-based Black Economic Empowerment Strategy, 2006 (DPW BBBEES 2006)

This strategy guides the Department to give effect to the BBBEE Act 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 (PMS BBBEE 2007):

The objective of the PMS BBBEE 2007 is to:

- i. address skewed property and equity ownership in the property industry in the country; and
- ii. promote black participation in the property industry through management, control and procurement.

6.3.7 Green Building Framework, 2001.

This Framework outlines the Department's commitments to address key elements in the New Growth Path and the Industrial Policy Action Plan by promoting sustainable development, reducing greenhouse gas emissions, promoting energy efficiency, stimulating new green industries, etc.

6.4 Relevant court rulings

- 6.4.1 **Case Number:** 576 / 2011 (*Eastern Cape High Court, Mthatha*)
Applicant: Azcon Projects CC
Respondent: The Minister of Public Works and three others
Mini Summary: The Applicant obtained an order to review and set aside the awarding of tender MTHPCOL and ordering the Respondent to reconsider the tender. The Respondent 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.
Judgement: The judgement for the case reinforces the fact that the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended by Act 29 of 1999, should be strictly followed in the procurement process.
- 6.4.2 **Case Number:** 2845/12 (*Magistrate's Court, Newcastle*)
Applicant: Anton van Kaampen
Respondent: The Minister of Public Works
Mini Summary: The Applicant obtained an eviction order against the Respondent in respect of a building occupied by the SAPS. The lease for the relevant premises had expired and the Respondent owed rentals on the property. Consequently, the Respondent was locked out of the premises which resulted in having to work from its official vehicles.
Judgement: The implication of the judgment is that the 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 The review of the Department's White Paper (1997) and White Paper (1999) will 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 National Development, the 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 and lead to affirming the Department's mandate through the development of the Public Works Act;
- 6.5.2 The establishment of the 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 that will lead to possible amendments to the legislative framework which govern the BEPs. The BEPs are intended to:
 - i. address challenges in the functioning and regulation of the abovementioned professions; and
 - ii. grow and transform the BEP sector;
- 6.5.4 The promulgation of the new Expropriation Act (which will repeal the Expropriation Act 63 of 1975) will ensure consistency with the Constitution and uniformity in the expropriation of property by all expropriating authorities;
- 6.5.5 The reprioritisation and review of the organisational status of the Independent Development Trust (IDT) to support the State in the delivery of social infrastructure; and
- 6.5.6 The development of a Green Building Policy for the Department to give effect to Government's green economy initiatives.



7. Situational analysis

7.1 External Environment

7.1.1 Economic trends and outlook

The dawn of 2015 saw major components of the global economy shift in opposite directions. The dramatic fall in the oil price will benefit oil consumers and hurt producers, whilst the boisterous performance of the United States economy and continued problems in the Euro Zone set the tone for divergent monetary policies, rather than for convergence and stability. This resulted in a great deal of uncertainty in the global economy, with currencies and the prices of commodities, equities and bonds, moving in unpredictable directions. The impact of these global economic trends on South Africa was that our country therefore faced a turbulent and uncertain 2015 which could lay the foundation for an unpredictable course for 2016 and beyond.

Predicted growth for the United States economy of around 3.4% for 2015 represented the best year for its economy since 2004. Forecasts for real Gross Domestic Product (GDP) growth in several major economies have also brightened – in the main as a result of the benefits of cheaper oil. Strong growth in the United States and China are likely to more-or-less neutralise the expected negative impact that weak growth in Europe and a number of other emerging market economies would have on South Africa's export performance. The South African Rand, which has weakened considerably, since the second half of 2014, along with an expected solid performance of metals-based commodity prices, will more than likely, support real export growth rising from an estimated +1.3% in 2014 to +3.1% in 2015.

Although the lower oil price will lessen pressure on the country's import bill, the electricity supply problems experienced by Eskom may imply higher import volumes of oil and gas-based energy commodities. Stronger growth in capital formation and household consumption expenditure in 2015 over 2014 are likely to cause real import growth of +2.6% in 2015 compared to an estimated -1% in 2014. Growth in export over the importation of goods and services may impact on reducing the country's current account deficit in 2015 and beyond. The current account deficit (i.e. the difference between goods and services exported and imported) has averaged 5.4% of GDP during the past three years. In 2015 this ratio may decline to below 4% of GDP, which may also contribute towards a somewhat better credit risk assessment of the country. Although reducing, the current account is likely to remain in deficit over the next five years, which means that the domestic savings deficiency and foreign capital dependency of the economy, although abating, will continue.

The national savings ratio, as measured by the ratio of Gross Domestic Saving (GDS) to GDP, showed a recent peak of 18.4% at the end of 2010, but deteriorated significantly to 13.8% at the end of 2012. Since then, GDS/GDP has averaged around 14.4%, which is considered low by international standards. The deterioration in total gross national savings, during the past three years was mainly due to sluggish growth in the gross operating surpluses of business enterprises, which increased by only 6.6% p.a. in nominal terms over the same period. This slow growth in profits, from which savings are derived, was, in turn, caused by rapid increases in employee compensation (9.3% p.a.) and taxation (12.2% p.a.).

Gross fixed capital formation peaked momentarily close to 25% of GDP by the end of 2008. This level is generally regarded as the target ratio, which ought to be maintained to ensure the required expansion of infrastructure and production capacity, as well as to provide for the replacement of obsolete capital equipment. Unfortunately, fixed capital formation spending has been struggling to improve meaningfully above the 20% ratio of GDP since 2013.

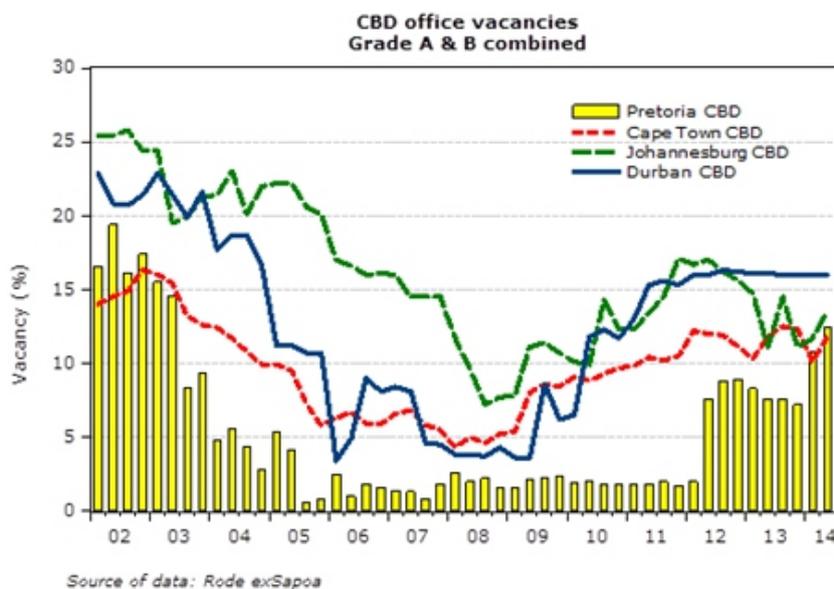
Low savings and fixed capital formation rates along with a deficiency of reliable energy supply and the possibility of recurring industrial action are the most important factors that will limit the economy's growth potential. On the positive side, the lower oil price will have a disinflationary impact on the economy. This is likely to lower inflation, which will obviate the need for further interest rate increases. As a consequence, growth is expected to rise to around 2.5% in 2015, which will equal the average growth recorded during the past five years. Notwithstanding, growth of 2.5% is regarded as still being insufficient for meaningful job creation and the reduction of income disparities. It is therefore imperative that policies and programmes, aimed at implementing the NDP, must be expedited for economic growth to accelerate to around 5% on a sustainable basis.

The considerable capital requirements relating to infrastructure spending, low savings propensity and insufficient job creation will continue to put pressure on Government to tighten its financial purse strings. Constrained income against the need to fund capital requirements and infrastructure spending will push Government debt to 50% of GDP by 2016. This, together with the associated higher debt servicing costs, will continue to be focal points for credit rating agencies, which will impact on our international risk ratings. Government will therefore need to ensure that further risk rating downgrades are prevented to avoid the cost of foreign borrowing to soar whilst limiting access to credit.

7.1.2 The Property Sector

The South African property sector delivered an improved 7.4% total return (non-annualised) for the first six months in 2014. Over the past five years (up to end-2013), the Investment Property Databank Ltd (IPD) property index return amounted to 12.6% p.a. This compares quite favourably with inflation of 5.6% p.a. over the period, as well as with bonds, which returned 10.8% p.a., and equities, which delivered a 13.8% total, return p.a¹⁵.

Figure 1: Office vacancy rate



¹⁵(IPD 2014: 1)

Figure 2: Growth in market rentals vs the vacancy rates

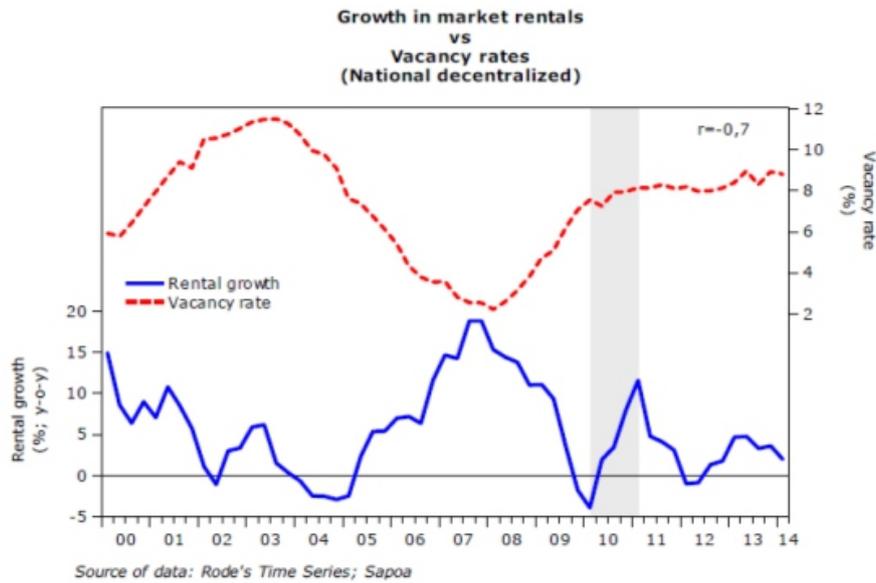


Figure 2 above shows the disparity between the growths in rental in relation to the vacancy rate of the office sector. While the overall property market continues to improve, the office sector lags behind the industrial and the retail sector and recorded a total return of 5.6% for the first six months of 2014. The office sector continued to register double-digit vacancy levels, which exerted pressure on rental levels. Offices in city-decentralised nodes were the worst hit in terms of capital growth, registering 1.1% capital growth and a total return of 5.5%¹⁶.

After a relatively lacklustre first half of 2014, listed property prices performed much better in the third quarter, rising by 4.9%. In the fourth quarter, prices firmed and the listed property index closed during December at 10.7%, up compared with prices at the end of September. This translated into a solid 25.7% year-on-year return (which includes dividends) for listed property over the 2014 calendar year¹⁷.

With low rates of economic growth and interest rates having moved up in 2014, the performance of the property sector came as a bit of a surprise. However, large commercial and industrial property are in fact well-managed and mostly have large, solid paying tenants who ensure that the current yields of around 6% can be maintained in 2015.

The movement of interest rates tends to have a sizable impact on the performance of listed properties. The anticipated maintenance of interest rates at their current level – with the possibility of taking a drop – will exert upward pressure on listed property returns and rentals.

Older, secondary office nodes are facing high vacancies. Developers have been oversupplying the market especially in areas like Sandton, Johannesburg and in Cape Town¹⁸.

¹⁶(Broll 2014:14)

¹⁷(IPD 2014:1)

¹⁸(Broll 2014: 14-15)

Throughout South Africa and across all sectors of the property market, rising operating costs are exerting downward pressure on the bottom-line of both tenants and investors. Municipal property rates doubled in real terms since 2000 and are the second fastest-growing operating cost for property owners and investors, after increases in electricity costs. Property rates and municipal services now account for some 59% of total expenses of which property rates alone account for 21% and electricity 32% respectively¹⁹.

Due to the scarcity of appropriate infrastructure and maintenance backlog of existing freehold stock, Government is compelled to lease accommodation from third party lessors. The Department acted as an agent or vendor for sourcing accommodation for user departments. This made the Department the biggest tenant in the industry. This function will now be undertaken by the PMTE, as determined in the Turnaround Strategy.

The PMTE, on behalf of the Department, will now manage a portfolio of more than 2 500 leases with a Rand value in excess of approximately R3.7 billion per year. The increasing oversupply of stock in the new office market puts office market rentals for prime buildings under pressure and signals tenant favourable market conditions in the near future. For the PMTE, as the biggest contributor to the office rental market, it will provide the opportunity to negotiate for market related, and in some cases, below market related rental rates per square metre, higher tenant installation allowances and other incentives. However, the steep rises in operating costs will impact substantially on the total leasing costs.

Whilst the current trends in the Property Sector offer some relief to the escalations in leasing costs to the PMTE, it is intended to balance the leased portfolio with the existing stock of State-owned accommodation so that the over-reliance on private leasing is reduced over the medium-term. Through the Real Estate Asset Register, a full analysis of its immovable assets to determine which immovable assets are best suited to address the needs of the user departments will be undertaken. Simultaneously, the PMTE will address the maintenance requirements of its immovable assets in order to restore them to habitable conditions. Over the past three years the Department has spent approximately R4.2 billion undertaking maintenance and repairs to State-owned infrastructure, which is regarded as inadequate, in terms of industry norms, where the annual allowance for maintenance should be 2-3% of the replacement value of the assets²⁰.

Furthermore, a coordinated and uniform approach in the management of its immovable assets will be undertaken, as follows:

- i. Strengthening the regulatory framework governing planning and budgeting for infrastructure maintenance. Renewed attention and focus on maintenance improvement through a structured maintenance programme, as well as the development of the maintenance industry best practices and norms and standards through the National Infrastructure Maintenance Strategy (NIMS);
- ii. Educating user-departments through workshops about the Public Works' business model and how GIAMA, in particular, governs and regulates its relationship with the user-departments in line with the requirements of the PFMA, Preferential Procurement Policy Framework Act, 2000 (PPPFA), Broad-Based Black Economic Empowerment Act, 2003 (BBBEE) etc.;
- iii. Enforcing uniform compilation of User Asset Management Plans (U-AMPs) by training user departments and providing capacity where required through joint teams;

¹⁹(IPD 2014)

²⁰Earthman & Lemaster 2013:57; Federal Facilities Council 1996:10; Kresge Foundation 2011:4

- iv. Ensuring that Asset Management Planning is aligned to the National Treasury's planning cycle including U-AMP submissions to both the Department and National Treasury. This will ensure that the demand for accommodation by user departments is approved by National Treasury, while taking cognisance of the fact that, U-AMPs will be incorporated into the Custodian Asset Management Plan (C-AMP);
- v. An integrated property management system with billing module for proper invoicing of accommodation charges (iE Works);
- vi. Resolving the backlog of expired leases, which are at various stages of the renewal process;
- vii. Regular audit of all active leases to ensure accuracy of information on Property Management Information System against the signed lease agreements; and
- viii. Balancing the leased portfolio with the existing stock of State-owned accommodation so that the over-reliance on private leasing is reduced over the medium-term.

7.1.3 The Construction Sector

The construction sector is classified as one of the secondary sectors of the South African economy with a Gross Value Added (GVA), at current prices (measured at a seasonally adjusted annualised rate) in the third quarter of 2014, of R133.1 billion. This amounted to 3.9% of the total 'value added' of the economy. By comparison, the manufacturing sector's Gross Value Added (GVA) constituted R453.9 billion or 13.3% of the total economy.

The construction sector is made up of two major sectors: building construction (accounting for around 46% of total value added) and civil engineering & other construction (accounting for the other 54% of total construction activity). Over the past five years the total economy has recorded real growth of 2.5% p.a. whilst the construction sector has underperformed at 1.7% p.a. With a renewed focus on infrastructure expansion and maintenance, the construction sector could outstrip overall value added growth by around 0.6 percentage points, per annum during the next five years. This implies an average real growth in GVA for the sector of around 3.8% p.a.

In 2014, total gross fixed capital formation in the economy amounted to an estimated R770 billion, at current prices. Of this amount, about 5% was invested in the construction of residential buildings; 9% in non-residential buildings; and 27% in construction works. The remaining 58% of fixed capital formation went into machinery, transport and other equipment.

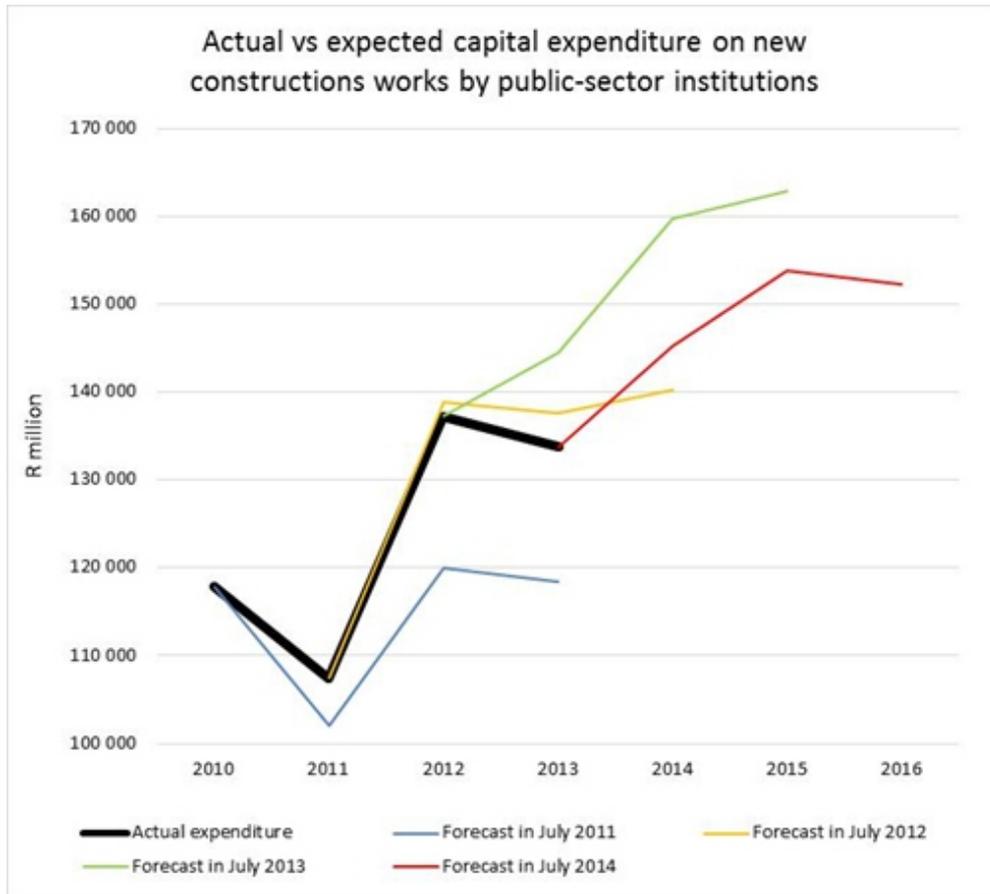
After having grown by 14.6% in real terms during the period 2005-2009, the completion of major building construction works prior to the 2010 Soccer World Cup and the onset of the global recession meant that fixed capital formation growth in building and construction averaged around -0.3% during 2010-2014 whilst the next five years should see an average growth rate of 4.6%. Economic growth and infrastructure development are inextricably intertwined. The economy requires a well-developed and maintained infrastructure to grow and infrastructure development depends on a growing economy to flourish. Hence the National Infrastructure Plan (NIP) and the Government's Strategic Infrastructure Programmes (SIPs) have an extremely vital role to play in the further growth of the country's economy.

The NIP, adopted by Government in 2012, aims to transform the country's economic landscape while simultaneously creating significant numbers of new jobs, and strengthening the delivery of services. This was reiterated in the 2015 State of the Nation Address (SONA) in which President Zuma listed infrastructure investment as one of the nine (9) priorities for growth and development in the country.

However, Government's ability to roll out and accurately forecast capital and infrastructure programmes has taken heavy criticism in the past few years. Actual expenditure is now lagging behind the forecasted expenditure in a similar fashion to what happened in 2009 and 2010 at the height of the credit crisis.²¹

The following figure illustrates this disparity.

Figure 3: Comparison of actual construction expenditure with **forecasts** (R 'billions) Source P9101 releases of Statistics South Africa



Infrastructure challenges

The challenge of infrastructure under-expenditure necessitated a thorough analysis of the infrastructure delivery value chain within the PMTE. In addition to capacity constraints, the quality of planning was also identified as the primary reason for under-expenditure. In response, the Construction Management Programme identified a number of key challenges, *inter alia*, the inadequate management, control and scoping of projects, poor planning and design and funding allocations which were not aligned to project delivery. As a result, measures to overhaul its project delivery, were put into place. These relate to the institutionalisation of the Infrastructure Delivery Management System (IDMS). Momentum has been created and every effort must be made to forge ahead with initiatives to address both the backlog of infrastructure projects and to improve planning and turnaround times in project delivery.

In addition to the slow infrastructure expenditure, problems which have hampered the public procurement system include the inexplicable withdrawal of tenders, misunderstanding and misapplication of the applicable legislation, internal inconsistencies in approach to tender requirements, scope creep and escalating costs²².

²¹(PWC 2014:8).

²²(Lockhart-Ross, 2014)

Late payments to contractors

To the above must be added late payments to contractors.²³ Late payment creates debilitating cash flow problems, especially for Small, Medium and Micro Enterprises (SMME's) that do not have the resources to sustain the drain on their cash flow.

Late payments to contractors is regarded as one of the key challenges in the infrastructure delivery chain that undermines delivery, economic growth and most importantly, the developmental and transformational objectives of the country. For this reason, the Department is pursuing regulations to complement the requirements of National Treasury Regulations Section 8, 8.2.3, to pay contractors within 30 days. In terms of the draft regulations, undisputed invoices must be paid within 30 days whilst disputed invoices will be subjected to an adjudication process to resolve the dispute. In the event that an undisputed invoice is not paid within the 30 day period, the regulations provide for interest payments to the contractor. In terms of the National Treasury Regulations Part 4, Section 9, such interest payments are required to be declared in the annual financial statements of the relevant Department.

Skills development

With the expected infrastructure growth, there is a need to improve all skills levels, from artisans to graduate professionals in the construction and infrastructure sectors. As a major player in the construction industry, creating sustainable jobs by building sustainable capacity and skills, will be prioritised, so that funds allocated are effectively spent on the much-needed infrastructure. In addition, the new Supply Chain Model that defines dedicated streams, for Infrastructure Delivery, Property Management Services and Goods and Services to support its core business activities, will be implemented. Structures, processes and systems have been developed and mapped out to support the differentiated streams of the Supply Chain Model. Once this model is fully in place and the structures appropriately resourced, the efficiency and effectiveness of the Supply Chain Management function is sure to continue in an upward trajectory to transform construction procurement for improved relationships in the contracting process.

7.1.4 Employment

Formal sector employment amounted to 8.54 million people at the end of the third quarter of 2014. If employment figures in the agricultural and household sectors were added to the formal sector, the total employment averaged around 13.9 million people in 2014. This represented an increase of 1.9% over the previous year. Growth in formal sector employment has averaged 1.5% p.a. over the past 5 years whilst 1.9% p.a. is forecast if current economic growth projections are realised. Since the labour absorption rate has not kept pace with the rate of population growth, the official unemployment rate has escalated from just below 19% in 2008 to 25.4% in 2014. The expanded unemployment rate, which includes so-called discouraged job seekers, has in the meantime risen to just below 36% in 2014.

The cost and productivity of labour are key determinants in producers' assessment of whether to expand operations and employ more people. In this regard it is worth pointing out that real remuneration per worker has increased by 2% p.a. over the past five years, whilst the increase in labour productivity over the same period amounted to 1.8% p.a.

²³(SAFCEC 2014:9)

The table below provides a summarised overview, since 2000, of important external drivers, key policy variables, macro-economic and construction sector indicators. Forecasts for the next five years are also provided, on the assumption that the current economic structure and policies will not change materially.

Table 10: Change in key assumptions, macro and sector or variables

		2000-2004	2005-2009	2010-2014	2015-2019
Global growth	% change p.a.			2.8	2.9
Commodity prices (materials, in USFD)	% change p.a.			6.5	3.9
Oil price	Brent \$/bbl	29.1	70.4	102.2	72.0
Real effective exchange rate	% change p.a.	3.4	-1.4	-2.1	-1.8
Inflation rate	% p.a.	4.9	5.7	5.4	4.7
Real prime overdraft rate	% p.a.	8.7	6.3	3.5	3.2
Real long bond yields	% p.a.	5.5	2.6	2.7	2.9
Current account deficit/GP	% p.a.	-0.6	-4.3	-4.0	-2.5
Real GDP Growth	% change p.a.	3.5	3.6	2.5	2.8
House hold consumption	% change p.a.	3.9	3.9	3.4	1.9
Government consumption	% change p.a.	4.6	4.9	2.6	1.0
Gross field capital formation	% change p.a.	7.4	8.6	2.5	4.6
Government debt/ GDP	% p.a.	35.9	28.4	39.3	50.83
Household debt/ disposable income	% p.a.	55.2	79.9	79.9	83.7
Total employment	% change p.a.	1.0	2.7	1.5	1.9
Construction sector real GVA	% change p.a.	6.6	10.7	1.7	3.8
Real capital formation: residential	% change p.a.	4.1	10.7	-4.4	6.6
Real capital formation: non-residential	% change p.a.	11.8	5.8	-6.2	-2.8
Construction sector employment	% change p.a.	-2.6	5.2	2.3	2.0
Construction sector real remuneration	% change p.a.	1.6	6.6	2.3	2.5

It is approximated that for every 1% growth in GDP per year, employment will increase by 0.6% to 0.7%. Hence, if GDP were to grow by 5% per year, employment will increase from 3 to 3.5% (half a million jobs). However, the labour force is increasing by an average of 3% per year so, if new jobs were to be created, they would absorb the new entrants, leaving the currently unemployed, discouraged, and not economically active. The country therefore must, of necessity, move into a new growth path, which would mean changing the way the economy functions.

Construction sector employment in 2014 amounted to an estimated 1.095 million employees. However, 61% of these workers were informally employed. Some 317,000 employees were semi- or unskilled, while 83,300 were mid-level and 27,700 were high-level skilled. Total compensation of employees in this sector amounted to around R52.1 billion.

Based on current growth and capital formation projections, total employment growth in the construction sector is expected to average around 2% during the next five years. Informal employment growth is anticipated to average 2.7% p.a., whilst formal employment growth in the sector may average only 0.8% p.a. Real labour remuneration during this period is likely to grow by 2.5% p.a.

Real output per worker in the sector grew by some 0.2% p.a. during the period 2010-2014, whilst a growth rate in this ratio of 1.4% is forecast for the period 2015-2019. The comparative figures for the total economy are 1.3% and 2.4% respectively. Skills shortages continue to plague both the Construction Sector and Property Maintenance.

The NGP which sets a goal of five million new jobs by 2020, identifies structural problems in the economy and points to opportunities in specific sectors and markets or "job drivers". The EPWP is seen as an important contributor to Jobs Driver 1 (Infrastructure Development) through increasing the labour intensity of Government infrastructure investments and Jobs Driver 4 (Social Capital) through the expansion of the Public Works Programmes. In infrastructure, South Africa broke new ground in trying to mainstream labour-intensive methods into Government contracting processes, rather than having a set of labour-based Public Works projects separate from the wider infrastructure development system. It has certainly had its challenges, but it was a far-sighted strategy, aiming for systemic effects.

Participation in work through public employment programmes can assist in mitigating the effects of unemployment, building self-esteem, social networks, providing structure in people's lives, and recognition of their value to their communities. It can be a powerful instrument for social and economic inclusion. The EPWP recognises that poverty is rooted not only in the lack of resources but, as significantly, in the lack of access to opportunity in both skills development and the labour market. The injection of income through the EPWP in communities, participation and utilisation of assets will enhance the livelihoods and social economic development of communities.

7.1.5 The Political Environment

As an emerging economy, South Africa has not remained completely unaffected by the turmoil in other emerging economies worldwide. Nevertheless, the country has been able to weather this storm successfully, including an assault on the currency, which reflects positively on the inherent strength of the economy; on the soundness of economic and fiscal policies; and above all, on the political stability in South Africa.

South Africa's peaceful and stable transition to democracy, universally recognised as one of the major achievements of the 20th Century, is not a coincidence or a mere short-term success: the realities in South Africa, which made this miraculous transition possible, are still in place and guarantee future stability. Political stability is the key to investor confidence in a world of white water economic uncertainty.

The most important domestic drivers of politics for the next five years will be issues of governance. Key aspects that will determine future political outcomes include the spectrum of leadership, financial and supply chain management, decision-making, policy development and implementation. Key challenges and trends in South African politics are that of institutional and constitutional development. These challenges and trends have the potential to be reduced by effective governance, strong leadership, effective and efficient procurement practices, appropriate policies, skilled personnel in the workplace and an active and empowered citizenry. Democratic consolidation and effective governance will be determined by the resolution of these challenges.

In order to complement the drive to address the key challenges and trends identified above, the Department has already put processes in to place to strengthen the previously weak Supply Chain Processes and Procedures. In this regard, it is now implementing a redesigned model which promotes fairness, equity and proficient procurement practices. This new model allows the Department to deliver services timeously, to achieve value for money, to enhance competitiveness among suppliers through its policies and practices; to adopt high standards which ensure transparency and thereby to avoid corruption in its practices. The new procurement system will be regularly reviewed to ensure that procurement and tendering are conducted in a just, unbiased, open, competitive and cost-effective manner. In addition, a programme has been structured to impart skills development and professionalism techniques for those office who are tasked with procurement responsibilities.

7.2 Internal Environment

The internal environment of the Department for the 2015 – 2020 term is underpinned by the strategic direction provided by the Minister of Public Works (Minister) in his Policy Statement entitled “Rebuilding the Department of Public Works: Five Year Policy Statement and Vision for 2014-2019” and the “Seven Year Plan to rebuild the Department of Public Works - 2012” (Turnaround Strategy).

7.2.1 Strategic direction for the internal environment

7.2.1.1 Policy Statement of the Minister (Policy Statement)

The Policy Statement provides overall strategic direction and guidance to the Department as it moves along a new, positive trajectory that aims for distinction in service delivery. In setting this out, the Policy Statement lists the following priority areas to steer the Department's work into the 2015 -2020 financial years:

- i. The creation of six (6) million work opportunities over a period of five (5) years for poor and unemployed people through the labour-intensive delivery of public services and infrastructure.

Public Employment Programmes are structured to facilitate community participation and provide tangible benefits to communities, the society and the economy. The Department coordinates the EPWP, which it has done since 2004. The EPWP meets the requirements of the State's Public Employment Programmes and currently, Phase III of the EPWP is in the process of being implemented. During the course of the 2015 – 2016 financial year, the Department is required to place greater emphasis on the evaluation and assessment of the impact of the EPWP. This process will measure the qualitative benefits derived by individuals and communities, in respect of skills training, services and infrastructure and an assessment will be made of subsequent employment or entrepreneurial opportunities that may be accessed by the participants.

- ii. The operationalisation of Property Management Trading Entity (PMTE) and the transformation of the core property business component of the Department.

This aspect of the Minister's transformative approach encompasses the creation of a public sector entity that will be managed according to very stringent efficiency principles. This is important as the PMTE will be required to manage an extensive portfolio of state assets efficiently while generating revenue for its sustainability. In addition, the PMTE will be expected to build technical and professional capacity to drive enhanced delivery.

- iii. The establishment of the Governance, Risk and Compliance Branch (GRC Branch) to drive anti-corruption and to spearhead the second phase of the Turnaround Strategy.

Instituting the Minister's directive to establish the GRC Branch has already commenced, in line with the Efficiency Enhancement Phase of the Turnaround Strategy. This Branch has now set up components in the Department that will deal with Special Investigations, Anti-Fraud and Corruption and Monitoring and Evaluation. The GRC Branch is now geared to utilise Strategic Planning, Service Delivery Model processes and Performance and Change Management as levers to achieve efficiencies. Following on these enhanced arrangements, it is anticipated that the Department will benefit from revised business processes and service standards that will improve the manner in which it delivers on its core mandate while sustaining legally compliant service delivery.

- iv. In consultation with all stakeholders, particularly the wider Public Works sector, a Policy Review must culminate in a Public Works Act.

The Policy Review, including the appraisal of the White Papers (1997 and 1999) and broad consultation with the wider Public Works community will provide a solid foundation for the Public Works Act. This process aligns with the third phase of Turnaround Strategy and will ensure the creation of coherent Government structures and processes that will deliver the mandated services through the three spheres of Government.

- v. In partnership with the Department's entities, the Charter Councils and relevant stakeholders, a renewed and sustained Programme of Action to transform the built environment must be embarked upon.

This Programme of Action is intended to ensure the creation of an enabling environment where emerging contractors, including black women contractors, will be able to develop into sustainable business entities and advance to higher cidb gradings. In addition, small black estate agencies will need to be accommodated more vigorously in the State's property management portfolio.

7.2.2 The Turnaround Strategy

7.2.2.1 Background

During the course of 1999, Cabinet approved the establishment of a State Property Agency (SPA) as a vehicle which would professionally manage the State's immovable assets. By 2002, no progress had been achieved in establishing the SPA and, as a result, the joint National Treasury / DPSA Technical Committee recommended that a Trading Entity, with a lifespan of approximately two (2) years be created, as the first step towards separating the functions of DPW and the PMTE.

Another period of inactivity followed until 2006, after which the "property agency" discussion was resuscitated. At this time, National Treasury approved the devolution of accommodation budgets to individual user departments and the introduction of the concept of "user charges" for state accommodation. During March 2006, and subject to certain specified conditions, National Treasury then authorized the establishment of a Property Management Trading Entity (PMTE), as a vehicle to account for the costs recovered from user-departments and payments towards leases, maintenance, property rates and municipal services.

Unfortunately, National Treasury's directive was not fully complied with and the Department underperformed for the following eight (8) consecutive years. This culminated, *inter alia*, in adverse audit findings with two (2) consecutive disclaimers during 2010 – 2011 and 2011 – 2012 financial years, mainly due to the failure to operationalise the PMTE, in line with National Treasury's 2006 approval. This led to a concerted effort by the current Executive and Accounting Officers to put measures into place to correct the history of poor management in the Department and, as a result, in November 2011, the Minister requested assistance from the Technical Assistance Unit (TAU) of National Treasury, to provide a rapid diagnostic in respect of the state of affairs within the Department. The findings in the report detailed problems of mismanagement and misalignment and pointed to the need for fundamental reorganisation for the Department to deliver effectively, its core business.

The aforementioned exercise culminated in the launching of the Turnaround Strategy during 2012, which was to be implemented in Phases, over a seven (7) year period with measurable deliverables against budget and timeframes. The three (3) phases of the Turnaround Strategy are interrelated and interdependent to the extent that the stabilisation in certain areas will only be realised in Phase II while simultaneously ensuring efficiency enhancements in other stabilised areas. The Turnaround Strategy defined the process for organisational review and renewal to ensure compliance with the mandate of the Department and satisfactory audit performance. This process required change to the organizational processes, systems and resource perspectives, as well as change to the structure and internally focused culture of the Department. In addition, it required proper

implementation of a performance management system that affected all areas of the Department and the way in which business was to be conducted. The Turnaround Strategy was to be implemented in the following phases:

i. Phase I – The Stabilisation Phase

This Phase was initiated during the course of 2012 with the specific purpose of ensuring clear and systematic improvements across the Department. In this regard, the Business Improvement Unit, under the direct leadership of the Director-General, was created to manage and coordinate all the business improvement interventions.

The Stabilisation Phase that came to an end on 31 March 2014, has achieved critical and foundational milestones although there are still various stabilization projects that have not been completed and are continuing into the next phase, before full stabilization is realised. In this regard, the following successes are noted:

- a. The operationalisation of the PMTE to oversee the State's asset investment, property and facilities management functions in line with Generally Recognised Accounting Practice (GRAP) or a GRAP-compliant financial system;
- b. Developing a complete and credible Real Estate Asset Register (REAR) under the Department's custodianship in terms of which registered and unregistered land parcels were reconciled against the deeds records and other National and Provincial immovable asset registers. In addition, physical verification of 32 570 properties had been undertaken and 15 000 land parcels had been vested. Municipal values had been applied as a fair value on approximately 10% of the Department's vacant land in 2013/14 financial year. This resulted in the disclosure of the Department's vacant land at about R4 billion for the year ended 31 March 2014, as opposed to the R49 million in the 2012/13 financial year;
- c. A comprehensive audit of 2 161 leased properties was completed. This audit included the physical verification of 2 143 leased properties. In addition, an in-depth analysis of the Lease Management System was undertaken and a more robust and comprehensive framework has been developed to address the gaps in the previous Lease Management System; and
- d. Substantial improvements by the Department were made as is evidenced by progression from disclaimers in 2010/11 and 2011/12 to a qualification in 2012/13 and an unqualified audit outcome in 2013/14.

The PMTE, on the other hand, has achieved some progress, after obtaining a qualified audit in the 2013 – 2014 financial year from three (3) disclaimers which resulted from a lack of a credible REAR and poor Lease Management Systems. Substantial progress has been achieved in addressing the Auditor-General's findings, particularly in relation to the REAR, the review of private leases and lease

relation to the Real Estate Asset Register (REAR), the review of private leases and lease management processes; and

- e. Improved internal efficiencies in relation to meeting the service delivery requirements of Prestige clients has been achieved by centralizing this function in the office of the Director-General.

ii. Phase II – Efficiency Enhancement

The Efficiency Enhancement Phase commenced on 01 April 2014 during which time, ten (10) projects were prioritised to drive this phase of the Turnaround Strategy, create focus and improve efficiencies for rebuilding the Department. In this regard, the following projects for effecting efficiencies within the Department are being pursued:

- a. The development of a Service Delivery Improvement Plan (SDIP) has been finalised. The SDIP is geared towards improving operating systems, being more responsive to user-department needs, growing efficiencies and reducing waste. The SDIP, will in the longer term, become the business improvement process for the Department;
- b. The operationalisation of the PMTE and its establishment as a Trading Entity. See 7.2.2.3 for further details;
- c. Supply Chain Management (SCM) is being restructured to meet the business requirements. In this regard, the 'one-size-fits-all' approach is to be replaced by separate strategies, structures, processes, resources and budgets for each of the following areas of work:
 - Infrastructure;
 - Property Management;
 - Goods and Services, and
 - Prestige;
- d. Improving internal efficiencies to meet the service delivery requirements of Prestige clients is underway to ensure that deliverables comply with the prescripts of the Ministerial Handbook. In addition, revisions to the norms and standards are currently being considered;
- e. Developing an Information Technology (IT) strategy, architecture and platform as a key enabler has been prioritised for immediate implementation. In this regard, the Department component has been resourced with high level technical experts and the development of value-added services, a clear architectural framework and supporting infrastructure, are underway;
- f. Combating fraud and corruption within the Department as well as in the construction and property sectors, while holding transgressors accountable for their actions, has commenced in earnest with the establishment of the GRC Branch and obtaining external assistance to reduce the backlog of fraud cases; and

- g. Implementing an effective Change Management Strategy to enable a performance driven culture has already been initiated in an effort to restore a performance management culture in the Department. In this regard, procedures have already been initialised to institute effective human resource planning, recruitment, retention, training and improved performance management.

7.2.2.2 Turnaround Strategy projects programme performance indicators for DPW

The Turnaround Strategy projects programme performance indicators, identified for the Department include the following:

Table 11: Turnaround Strategy projects programme performance indicators, identified for the Department

Phase II Turnaround Project	²⁴ Programme Performance Indicator
Service Delivery Improvement	<ul style="list-style-type: none"> Completed service delivery framework for identified services Change in average score of management practices through the MPAT improvement plan
Restructuring of Supply Chain Management	<ul style="list-style-type: none"> Percentage of bids awarded within the legislated timeframes. Percentage procurement cost of goods and services purchased Percentage of contracts executed within allowable variation as legislated by National Treasury
Meeting the service delivery requirements of Prestige clients	<ul style="list-style-type: none"> Development of Prestige norms and standards Development of Prestige policies Signed Service Level Agreement
Developing an IT Strategy, architecture and platform	<ul style="list-style-type: none"> Reengineered ICT infrastructure for DPW and PMTE Business applications implemented with DPW and PMTE
Fighting fraud and corruption	<ul style="list-style-type: none"> Percentage of investigations initiated within 30 days of admissible allegations Percentage change of fraud and corruption risk levels
Implementing an effective change management strategy	<ul style="list-style-type: none"> Implementation of the Human Resource Plan Number of beneficiaries participating in DPW's skills development programmes Percentage of funded prioritised vacancies filled as per approved Recruitment Plan

²⁴Department of Public Works: 2015/16 Annual Performance Plan

Deriving from Phase II were the Property Management Improvement Programme, the DPW Business Improvement Programme and the Transversal Business Improvement Programme for the PMTE and DPW. These programmes now form the basis for work being undertaken in the Department.

7.2.2.3 Operationalisation of the PMTE as required in the Turnaround Strategy

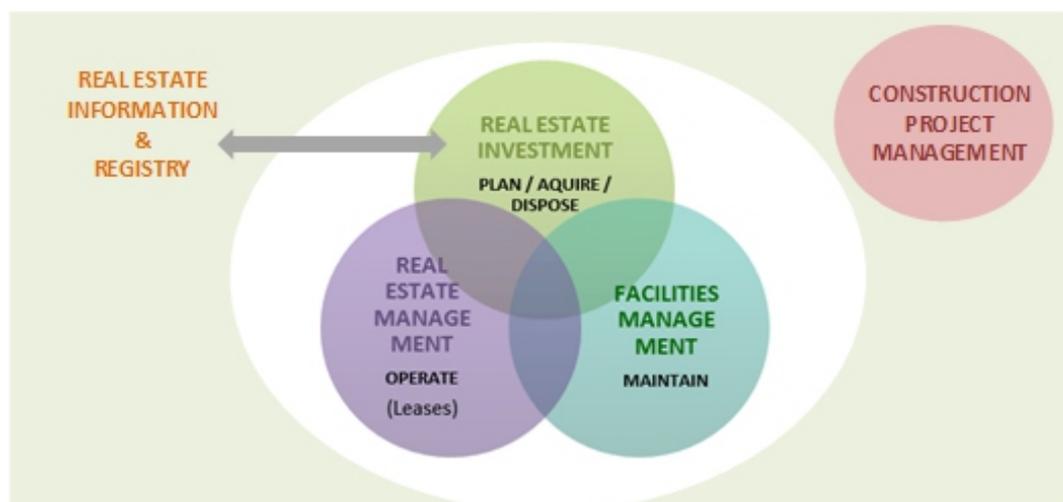
The creation of the PMTE was mainly due to the need to separate the regulatory and policy, quality norms and standard setting and monitoring functions of the Department from the service delivery functions of the PMTE. The PMTE, which now holds approximately 75% of the functions and budget of the Department,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

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

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

As per figure 4 below, the three core business divisions in the PMTE are Real Estate Investment Management, Real Estate Management, and Facilities Management. Real Estate Information and Registry Services and Construction Project Management will function as two independent divisions interlinked with Real Estate Investment Management. These operational divisions have been established to support optimal business and administrative processes which will ensure professional methodologies in managing and optimising the State's asset portfolio.

Figure 4: Focused operational divisions for the PMTE



7.2.2.4 Focus areas for the PMTE as identified in the Turnaround Strategy

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

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

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

7.2.2.5 The Business Case for the establishment of a Trading Entity

Emanating from the Technical Assistance Unit (TAU) diagnostic findings, a feasibility study on an alternative institutional form to better ring-fence, improve and professionalise the property management business of Department was developed by its Business Improvement Unit (BIU), located in the office of the Director-General, with the assistance of TAU. Based on a detailed situation and options analysis, as well as consultation with key stakeholders, the study concluded that it was both desirable and feasible for the Department to establish a Trading Entity for its Property Management service to the public sector.

The value proposition of such a Trading Entity was premised on being an autonomous ring-fenced and focused service delivery entity, whilst remaining an integral part of the public service. This meant that the Trading Entity would remain committed to public service objectives whilst being closely acquainted with the needs of its public sector clients.

It was therefore agreed that establishing the PMTE as a Trading Entity, which would report to the Director-General of the Department and account directly to the Minister, would ensure that the following areas would be achieved.

- i. Componentising and ring-fencing the PMTE to separate the Department as the regulator from the PMTE as the implementer.

The Department had previously served as both Implementer and Regulator in the sector which provided the grounds for a conflict of interest. The diagnostic confirmed the need to separate the functions of Department's main account from that of the PMTE and as a result, the Director-General approved interim measures to ring-fence all relevant immovable asset and property management functions in the Department

to form a part of the PMTE's operations. This measure took effect from 01 April 2013.

- ii. Flexible administrative and operational arrangements that may be customised to suit the property management environment, and expedite and improve service delivery.

The Department was previously unable to meet the demand for property and facilities management services for its user departments. Hence breaking the culture of non-delivery required the creation of a client-centric agency which focused on the needs of the clients, timeous decision-making closer to the point of delivery and higher service delivery standards while offering more value. This fundamental change in the manner in which the business was to be conducted, required a structure with clear lines of accountability and a customised performance management system aligned with the service delivery model.

- iii. Lack of appropriate systems and clear business processes with related policies and procedures to facilitate a holistic view of requirements from user-departments.

This issue meant that the systems in use were not in congruence with the business requirements. There was also a lack of monitoring, reporting and record keeping which meant that there was no information available on clients' needs, work undertaken nor on funds disbursed. Furthermore, the Department was unable to present a comprehensive database of the State's immovable assets.

Arising from the above, it was recommended that discrete flexible systems, processes, technology and procedures must be customised to better fit the business needs. Duplication of functions across the service, together with the associated costs, needed to be eradicated and effective interfaces between functions, Regional Offices and the Head Office, as well as with client organisations needed to be established. The commissioning of services through a flexible, streamlined, but transparent and robust SCM system was recommended as an essential component to expedite service delivery and a comprehensive REAR had to be created.

- iv. Immovable asset life-cycle management and compliance with best accounting principles (GRAP).

The historical poor management, corruption, and neglected State properties had led to high costs of approximately R3 billion per annum as a result of leasing-in buildings while the State's portfolio of properties was under-utilised and decreasing in value due to the lack of proper management.

Reversing the abovementioned scenario required the need for effective life-cycle property management that would ensure value for money returns on the State's immovable asset portfolio while creating the ability to generate and retain revenue for the preservation and optimisation of these assets. This, together with the adoption of GRAP compliant systems, as made mandatory for all Trading Entities from 1 April 2014, necessitated interim measures in terms of which the PMTE was required to comply. The Department, however, continues to account on the basis of modified cash.

- v. Attracting and retaining skills through a special compensation dispensation based on market related rates.

This was necessary as there was a high infrastructure backlog due to the inability to deliver within time, cost and quality. In addition, the internal structure of the old Department reflected imprecise relationships between the Projects (Construction) Branch and the Independent Development Trust (IDT). This situation was exacerbated by insufficient professional capacity and skills required for construction, as required by the industry.

Addressing the aforementioned issues, required the establishment of a quality public sector property management agency with the same levels of professionalism and appropriate skills as any major private sector property management agency. This was to be achieved through a special compensation dispensation based on market-related rates that would attract appropriately skilled personnel who would assist in capacitating existing staff to deliver high quality and professional services. It was also anticipated that this approach would provide the basis for clear career pathways that would ensure that employees would be retained.

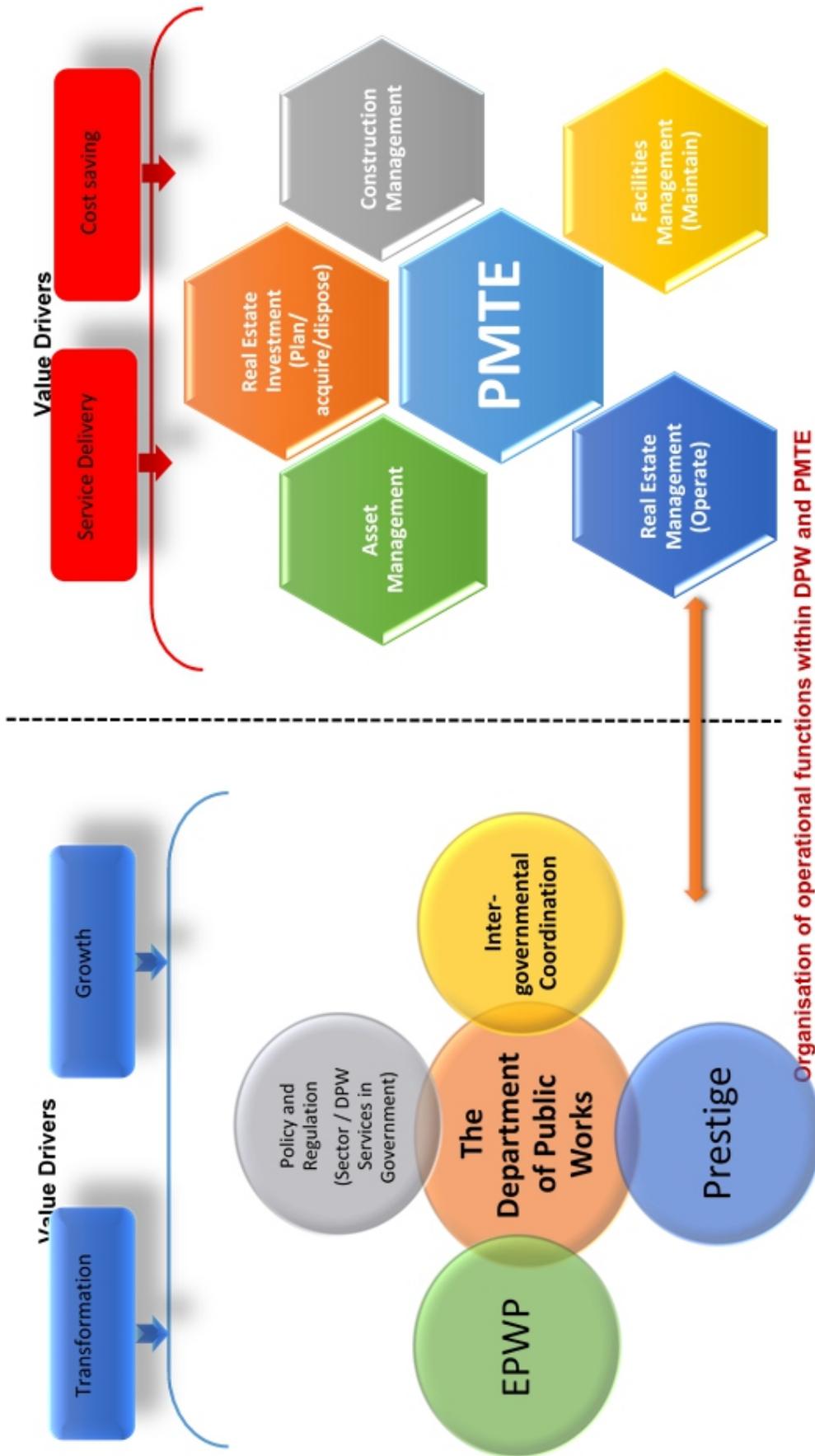
7.2.3 The Business Model for the Department of Public Works

Arising as a direct consequence of the Turnaround Strategy, the revised Business Model of the Department ensued as a concurrent process with the operationalisation of the PMTE. The Department is now structured to integrate its services better and build synergies that will result in a single point of entry and account management for public sector clients. This will result in greater service satisfaction in relation to business needs for the Department's clients. Duplication of functions across the service, together with the associated costs, will be eradicated and effective interfaces between functions, Regional Offices and Head Office, will be established. The Department will therefore, now focus on the following:

- i. developing best practice within the sector;
- ii. managing the transformation and growth of the construction and property sectors;
- iii. drafting legislation and undertaking regulatory functions;
- iv. formulating policies and implementation guidelines for the sector;
- v. setting norms and standards for the Public Works Sector;
- vi. managing the norms and standards and policy formulation for the Prestige Client Portfolio;
- vii. coordinating the implementation of the EPWP;
- viii. focusing on its role in terms of the concurrent functions and the management of performance in this regard; and
- ix. carrying out oversight functions and coordination of the Entities.

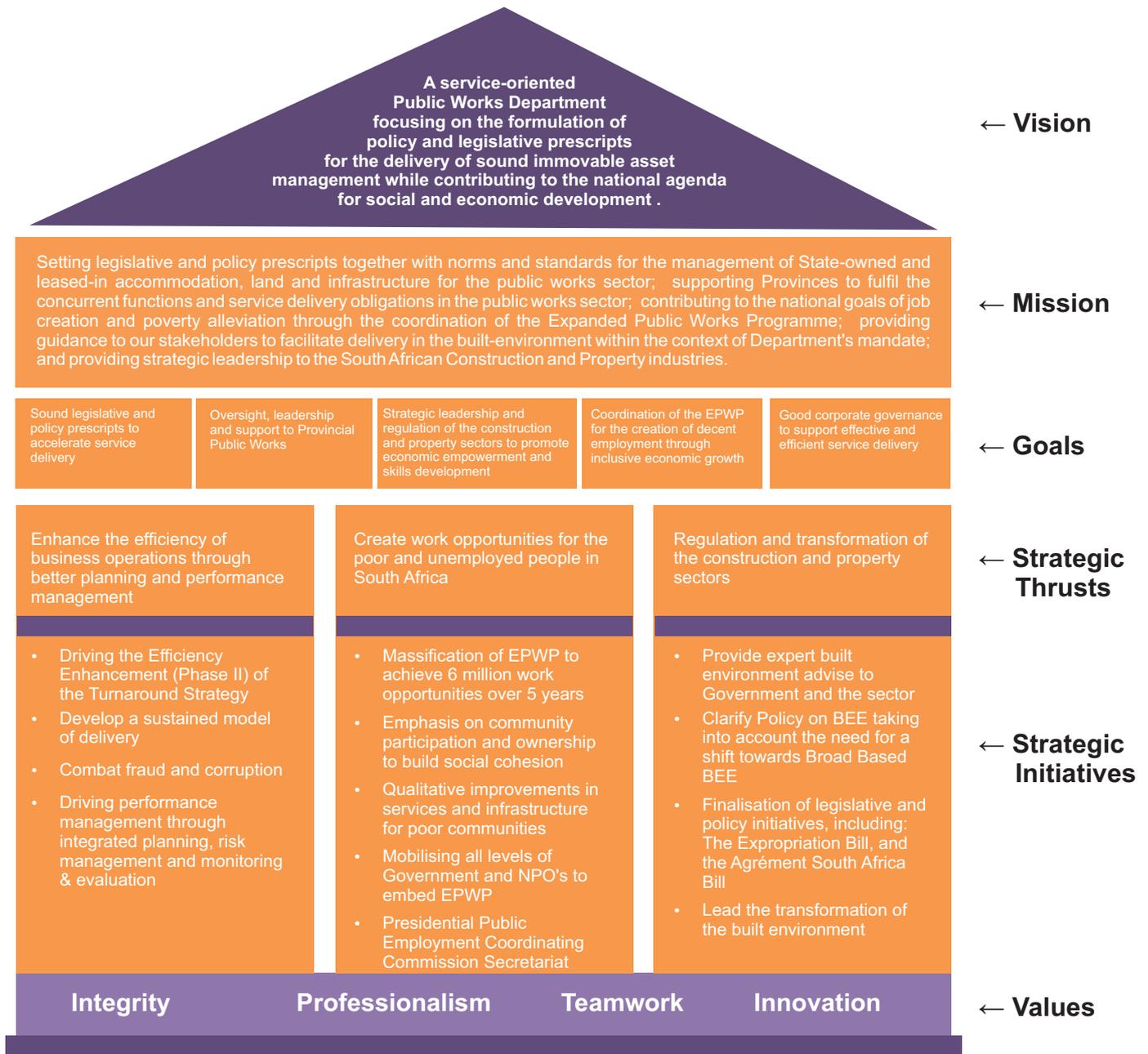
Figure 5 illustrates the differentiated core business areas of the Department and the PMTE. In addition, it depicts the Department's regulation and transformation functions in relation to the built environment, the oversight and coordination of the Entities and the Provincial Departments of Public Works, as part of its concurrent mandate.

Figure 5: Diagrammatic representation of the differentiated functions of the Department and the PMTE



Since the Department now functions within the context and framework of a reoriented mandate, it will therefore be responsible for undertaking the following broad areas of work, as set out in the Department's Logic Framework below.

Figure 6: Departmental Logic Framework



7.2.4 Entities reporting to the Minister of Public Works

There are four (4) Public Entities which serve as an extension of and assist the Department in delivering its mandate. The Public Entities reporting to the Minister of Public Works are the Council for the Built Environment (CBE), the Construction Industry Development Board (*cidb*), the Independent Development Trust (IDT) and Agrément South Africa (ASA).

7.2.4.1 Council for the Built Environment (CBE)

The CBE's main focus is to implement projects and programmes that address built environment issues and to 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:

- i. Supporting Government's priorities in relation to built environment matters;
- ii. facilitating and monitoring continued sustainable, dynamic, competent and transformed built environment professions and professionals;
- iii. establishing and maintaining a centre of excellence for an integrated built environment body of knowledge; and
- iv. strengthening public protection and educating the public in relation to the built environment.

7.2.4.2 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 impact directly on the roll out of Government's National Infrastructure Plan.

7.2.4.3 Independent Development Trust (IDT)

The IDT manages and delivers integrated social infrastructure programmes with 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 by contributing to Government's priorities of job creation, sector skills development, green buildings initiatives and the eradication of social infrastructure backlogs.

7.2.4.4 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.

7.3 Performance Environment

Despite the preceding turbulent years where the performance of the Department was negatively impacted upon, major strides have been made to improve its performance environment. The Department identified its challenges then put measures into place to rectify its ill-performing systems and procedures to ensure that a positive performance environment can now be achieved. Following hereunder, is a list of the achievements made by the Department, the challenges that it faced and the measures that it has put into place to address those issues.

7.3.1 Achievements in the performance environment

7.3.1.1 Improved financial controls resulting in positive audit outcomes

Rigorous scrutiny of the past five years' irregular expenditure transactions has resulted in overhauling the Supply Chain Management processes to respond to the core business needs of the Department. As a result, there has been a significant improvement in the audit outcomes over the last two financial years. It is noted that despite the noteworthy improvements in the internal controls of financial and performance management, governance and leadership, the Department is committed to direct its efforts to ensure that all internal controls are adhered to, in order to eliminate audit findings in respect of both, the annual performance report and compliance with legislation.

7.3.1.2 Creation of work opportunities and providing income support through the Expanded Public Works Programme (EPWP)

The Department is responsible for the overall co-ordination of the EPWP across all spheres of Government in four different sectors, namely Infrastructure, Social, Environment and Culture and Non-State Sector. As the Department's flagship programme, this Programme has made significant progress. Since the commencement of Phase I on 01 April 2014, over 4 million work opportunities and 1.1 million Full Time Equivalent (FTEs) have been created. During the course of the 2013/14 financial year, the EPWP created 1 017 265 work opportunities where, the average annual income for each work opportunity was R4,884 per person. Beneficiary surveys indicated that the majority of the participants in the EPWP were poor with sixty per cent (60%) of the respondents living below the poverty line prior to working in the EPWP. The survey also showed that 32% of these respondents had income levels of less than half of the figure quoted for the poverty line²⁵. For the poorest group, the EPWP doubled their annual household income²⁶.

Achievements across the Infrastructure, Environment and Culture, Social and Non-State Sectors were also noted, and included the following:

- i. A total of 3,486,096 hectares of land was rehabilitated and / or cleared of invasive alien through the Working for Water and Landcare Programmes;
- ii. Participants benefitted from more than 500 000 person-days of accredited training;
- iii. More than 150 000 indigenous trees were planted as mitigation measures against land degradation, climate change and greening interventions;

²⁵Poverty Trends in South Africa: Statistics South Africa: 2014 Page 14

²⁶National Development Plan: Page 112

- iv. 800 unemployed young people benefitted from the Chefs Youth Training Programme;
- v. More than 6 000 Small, Medium and Micro Enterprises (SMMEs) benefitted from programmes implemented by the sector programmes;
- vi. 220 770 km of roads have been maintained through periodic and routine maintenance. In addition more than 27 000 youth have been trained on the National Youth Service Programme (NYS) in artisan trades;
- vii. Through the Vuk'uphile Contractor Development Programme, more than 161 labour-intensive contracting companies were developed across all nine Provinces;
- viii. 545 347 number of children were served through Early Childhood Development Centres (ECDs) and 443 088 families were assisted through the Home Based Care Programme (HBC);
- ix. About 9 million school children were served through the Nation School Nutrition Programme; and
- x. About 330 Non-Profit Organisations nationally partnered with Government to deliver community driven initiatives. Unused spaces in public clinics and schools have been turned into food gardens for use by Centres of Orphans and Vulnerable Children and surrounding communities.

7.3.2 Challenges identified in the performance environment and interventions put into place

In order to determine the challenges and constraints in the performance environment, which impacted on the performance of the Department, an in-depth analysis of the following documents was undertaken:

- i. The Annual Report 2013/14;
- ii. Report of the Auditor-General to Parliament for DPW and PMTE as at 31 March 2013 and 31 March 2014;
- iii. The Internal Audit Findings for 2013/14;
- iv. The Turnaround Strategy;
- v. The National Treasury Rapid Review Report of January 2012;
- vi. Management Performance Assessment Results 1.2 (2012/13) and 1.3 (2013/14);
- vii. Annual Performance Plan 2013/14; and
- viii. The Estimates of National Expenditure 2013/14 and related MTEF.

Arising from the above-mentioned analysis, the following issues were identified.

7.3.2.1 Matters raised by the Auditor General (AGSA) in the external audit in relation to the internal control environment

Issues identified:

Inadequate systems, controls and processes in accordance with the PFMA, Treasury Regulations and Public Service Regulations.

Actions to address identified issues:

Audit Action Plans were developed and submitted to National Treasury immediately after the conclusion of the audit to address the findings. These Action Plans are also reviewed and further refined by Internal Audit. To ensure full accountability,

each member of the Executive Committee signed off the Action Plans for consolidation, monitoring and reporting. Audit Action Plans are now presented to the Accountability EXCO where progress is reported and further interventions are put into place. In addition, Branches are required to provide Quarterly Progress Reports on each action item, including the challenges encountered and proposed remedial actions.

7.3.2.2 Inadequate internal performance management operating procedures

Issues identified:

Since 2010/11, the challenges experienced with regard to performance information included:

- i. Non-compliance with regulatory requirements and information not being useful (specific, measurable, and relevant);
- ii. Inconsistencies between planned and reported objectives, indicators, and targets;
- iii. No baseline for setting appropriate targets and designing relevant indicators;
- iv. Misalignment between budget and performance information;
- v. Unavailability of or incomplete Portfolios of Evidence; and
- vi. Lack of a logical and direct links to goals and under-reporting of performance.

Actions to address identified issues:

As a result of the abovementioned findings, the following interventions have progressively been developed and institutionalised within the Department:

- i. The development of policies and procedures to guide planning, monitoring and reporting, including the roles and responsibilities of senior and accountable personnel, within the Department;
- ii. Proper record-keeping procedures to collect, record and store Portfolios of Evidence;
- iii. Monitoring the effective implementation of corrective actions taken through periodic reviews and monitoring of the status of key controls;
- iv. Use of Internal Audit to verify the adequacy of systems and supporting documentation;
- v. Increased practical guidance, training and support by National Treasury to improve the quality of performance information being reported. Areas of guidance include, performance information being useful and easily understood by non-specialist readers and setting appropriate targets;
- vi. Quality control to ensure that the Quarterly Report and Annual Report information is accurate and complete and the reasons for variances are explained and followed up;
- vii. Quality control to ensure consistency between planning and reporting documents; and
- viii. The establishment of an M&E forum within the Department to share information and learning about performance information.

Through these initiatives, there has been a marked improvement with regard to performance information in the 2013 - 2014 financial year, with only two few key findings still remaining, these are:

- i. Indicators on the Annual Performance Plan was inconsistent with the Annual Report; and
- ii. The inadequate implementation of the manual system to monitor the progress made towards achieving these goals, targets and core objectives.

A dedicated monitoring function will be established within the Monitoring and Evaluation Chief Directorate to improve the monitoring of performance information in the Department and improve the quality of Quarterly and Annual Reports. The Department is investigating options to acquire an electronic system to improve the monitoring and reporting of performance information. By using this system, line managers will be able to check progress regularly against set targets and put interventions in place, when and where required.

7.3.2.3 Lack of integration of performance information structures and systems within existing management processes and systems (ICT)

Issues identified:

Historically, the communications technology infrastructure and systems in the Department were inappropriate to support its business requirements. These systems lacked the capability of intelligent reporting and this resulted in the use of multiple disparate systems at a high cost to the Department.

Actions to address identified issues:

The Department's ICT Strategy has been conceptualised out of a need to address the lack of systems which support the business requirements and integrate the relevant business systems.

In this regard the following critical ICT interventions have been put into place to address the negative issues that impacted on the Department.

- i. An infrastructure upgrade has been prioritised. The current interventions include a rapid upgrade of the Local Area Network (LAN) switches which support upgrade and adds resilience. This includes upgrading the voice infrastructure and video conferencing to enable seamless communication between all Regional Offices to facilitate movement to any site and allow log-on. The Department will also upgrade the current server location at each Regional Office with the upgrade of communication links between the sites;
- ii. The application software is being upgraded for the user environment with the migration to biometric access per user for log-on to the Department's network. This will allow baseline communication between end users for office automation access;
- iii. The new single DPW / PMTE Worx4u contact centre has gone live with the ICT and Day to Day Maintenance contact centre being brought in-house with the Department now expanding its EPWP programme to include new skills in the digital domain;
- iv. The current skillset is being bolstered with new insourced specialist skills to upskill and provide internal capacity;

- v. The first phase of the new Disaster Recovery Plan / Business Continuity Plan will be commence during 2015 – 2016 for use by the three (3) spheres of Government and agencies to be implemented over the five (5) year term. The rehabilitation of an existing asset in Johannesburg as the new Disaster Recovery Plan / Business Continuity Plan has been approved with the site design now complete. The Disaster Recovery Plan protocols are also being developed with the site earmarked for readiness in the 3rd quarter of the 2015 - 2016 financial year;
- vi. The Department has moved from a corrective into the Stabilisation Phase, which is earmarked to be complete at the end of 2015 – 2016. During the Stabilization Phase, the Department will optimise infrastructure, business applications and value-added services for the asset base. The next phase, i.e., the Optimisation Phase will be the implementation of the enterprise resource planning suite and the related business analytics;
- vii. The Business Application Suite is in the process of being enhanced to new modern technology as web-centric and enterprise mobile applications. This is reflective of the iE Works application that is being enhanced for use by the various provinces. In this respect, the Archibus Application will be used to support the new PMTE during its transitional phase. In addition, a data-model is being designed for the new Building Information Modelling standards (BIM). This will integrate the different professional disciplines to achieve cost efficiencies and faster turnaround times in the delivery of built environment amenities. As a result, the Department will spearhead world class standards in the domain of ICT utilisation.

The Business Application Stack/Suite intervention includes:

- i. The PMIS system where business users will be migrated to the new PMTE enterprise resource planning system Sage / Archibus;
- ii. Upgrading of the EPWP application to a new enhanced system with mobility-based enrolment for real time monitoring; and
- iii. The Works Control System (WCS) will be refreshed with a new projects module to integrate with and source a single system for the PMTE.

7.3.2.4 Inability to retain and attract the required skilled personnel

Issues identified:

The Department has faced key challenges in recruiting and retaining the required staffing skills. This was due to the:

- i. Non-availability of professional and technical skills resulting in the inability to fill critical and scarce skills positions;
- ii. Inability to attract and retain technical and professional skills due to the limitations of the Occupation Specific Dispensations (OSD);
- iii. High competition with the private sector for the limited available skills; and
- iv. The Department's Compensation of Employees' Budget is not sufficient to cover the current commitments, filling of vacancies and newly created positions resulting in insufficient human resource capacity.

Actions put into place to address identified issues:

In order to rebuild the Department and amplify its capacity, a Change Management Strategy (CMS) has been developed. The CMS is intended to, *inter alia*:

- i. Improve the organisational culture to become client-centric;
- ii. Improve leadership, management, technical and general capacity and skills across the Department;
- iii. Support people through the change process to minimise resistance and harness energy for change;
- iv. Assist in changing perceptions to stakeholders to increase client satisfaction and to improve recruitment and the retention of quality staff; and
- v. Ensure that the change process is conducted in an ethical way through transparency, honesty and integrity of all the change agents involved in the process.

The CMS is linked to the Department's business and performance goals and is supported with a clear and logical Change Management Model and Implementation Plan, which includes:

- i. A comprehensive Human Resource Plan to address the current and future capacity requirements of the Department with a clear Recruitment Plan and Training Plan;
- ii. The implementation of the reviewed and functional organisational structure to operationalise PMTE, the GRC Branch, Inter-Governmental Coordination and the provision of additional human resource capacity in core areas. The augmentation of PMTE has repositioned the Department to better execute its mandate at the Head Office and Regional Offices and it is anticipated that, over the next five years, that the departmental posts structure will increase;
- iii. 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; and
- iv. Implementing the recently developed Recruitment Policy and updated Human Resource Delegations.

It is envisaged that the CMS will provide the catalyst to facilitate the attitudinal realignment by both the staff and stakeholders in the manner in which business will be conducted, in future, within the Department.

7.3.3 Additional strategies to improve efficiencies in the performance environment

7.3.3.1 Alignment of the concurrent functions

The Department has put measures into place to address the challenges that it has experienced. As a priority and in the absence of a Public Works Act, MinMec has provided the basis to consult, coordinate implementation and align concurrent functions at the National and Provincial levels.

The alignment of the concurrent functions will ensure that all spheres are committed to achieving common service delivery objectives, and to that end, must provide effective, transparent, accountable and coherent Government for the country as a whole. To achieve this, there must be a distinctive effort, capacity, leadership and resources of each sphere whilst directing these as effectively as possible towards the developmental and service delivery objectives of the sector.

Through the Public Works Act, when it is promulgated, the Department will further improve its role to perform oversight and performance management functions as they relate to the Provincial Departments' delivery capabilities. In addition, the Department will monitor the services offered by the Provincial Departments and the manner in which they discharge their concurrent functions. Co-operation between the National and Provincial spheres is prioritised as these elements bring about:

- i. Sustainable development;
- ii. Integrated delivery of public goods and services; and
- iii. Effective implementation of legislation.

7.3.3.2 Development and implementation of the Service Delivery Model Framework (SDMF)

Given the unfavourable history of the Department, the Department will consolidate the turnaround activities using the Service Delivery Model Framework (SDMF) to establish the SDIP, over the next three (3) years. The objective of the SDMF is to provide the methodology to improve service delivery by developing a revised operating model for the Department as a whole. Underpinning the model will be the implementation of the Infrastructure Delivery Management System (IDMS) as the primary method for delivery of infrastructure across the Department.

The model will be implemented through the necessary review and revisions to operating procedures and processes, supported by information and tools that will enable the Department to be more responsive to user-department's needs. In addition, the model will reduce opportunities for corruption and wasteful and fruitless expenditure with clear lines of responsibility and accountability.

In order to manage the implementation of the SDM, a Project Team has been established to manage the following project phases:

- i. The Inception Phase which will entail the establishment of the Programme Management Office;
- ii. The Mobilisation Phase which will finalise the Service Delivery Improvement Framework and a detailed Programme Plan together with detailed project stream activities. The purpose of these activities is to engage the expertise of National Treasury and the Department of Public Service and Administration (DPSA) in arriving at an optimum work plan which will take cognisance of the capacity levels within the Department; and
- iii. The Implementation Phase which will oversee the implementation of all elements of the SDMF. This will include process-mapping and completion of, as-is unit costs, productivity assessment, options analysis, to-be processes, standard operating procedures, standards, charters, policy review and resource planning – all of which will feed into the Strategic Plan.

7.3.3.3 Meeting the needs of Prestige Clients

The Department has created dedicated capacity and enhanced its processes and systems within the Prestige Component to improve service delivery and response times to Prestige Clients. As a result, prestige services have been centralised to ensure immediate control. Following the centralisation of the Prestige function, attention can now be paid to the following key deliverables:

- i. Clarification of the role and performance expectations of Prestige clients;
- ii. Review of the Policy Framework (Handbook) with a view to reducing its flexibility of interpretation;
- iii. Development of a viable contingency plan for funding ad hoc events and activities;
- iv. Development of accelerated SCM processes and models that meet the reasonable expectations of Prestige clients;
- v. Creation of appropriate levels of capacity within the Prestige components;
- vi. Creation of a forum that includes all stakeholders to communicate Prestige service commitments and align stakeholder expectations;
- vii. Creation of an Immovable Asset Management Strategy that includes disposal, refurbishment and maintenance criteria; and
- viii. Development of aligned business processes and systems.

7.3.3.4 Actively reducing fraud and corruption in the Department

During April 2014, the Department developed an Anti-Fraud and Corruption Strategy and Whistle Blowing Policy in terms of the Minimum Anti-Corruption Capacity (MACC) requirements. The Strategy is aimed at promoting fraud prevention, managing fraud risks and introducing controls measures to prevent issues of fraud and corruption before they occur. In addition, the Strategy makes provision for investigating allegations of fraud and corruption within the Department and recommend corrective actions. The Department also undertook a massive anti-corruption drive to prioritise education and communication by placing the Policy and Strategy at the centre of pro-active efforts to create a culture of zero tolerance to fraud and corruption.

The Fraud Prevention Strategy and Anti-Fraud Corruption Policy were also followed with a proclamation published in the Government Gazette 37946, on 27 August 2014, which authorized the Special Investigating Unit (SIU) to commence with comprehensive investigations of all alleged activities and, based on its findings, institute criminal charges and take disciplinary steps against the implicated individuals. Furthermore, the Department augmented its capacity to ensure that it will be able to analyse and monitor fraud and corruption risks as a part of its risk assessment. It will also investigate allegations of fraud and corruption, refer allegations of fraud and corruption to relevant law enforcement agencies and keep a register of all allegations.

The Department is currently conducting an assessment of Fraud Risks to mitigate the prevalence and vulnerability of the Department to fraud and corruption and to identify its roots causes. The outcome of Fraud Risk Assessment informs the Fraud Prevention Plan of the Department.

Furthermore, the Anti-Fraud and Corruption Communications Campaign, aligned to the Department's Business Improvement Plan, has been conceptualised for implementation at the National and Provincial levels. This will create awareness, significantly reduce the prevalence of fraud and corruption incidents, improve the resolution aspects of investigations and enhance the integrity of the Department's operational activity.

The Department implemented the service delivery model to initiate investigations within 30 days upon receipt of the allegation to maximise recourse for the Department (i.e. civil recovery, disciplinary and criminal proceedings). These will also allow the Department to conclude investigations into allegations of fraud and corruption within the reasonable time frames.

7.3.4 Demand for the Expanded Public Works Programme (EPWP)

Employment creation opportunities have risen since 1994, with the share of working age adults with employment stabilising at just over 40% (after falling from the late 1970s through to 1994). The global norm, however, is around 60% and employment growth has not been strong enough to raise the level of employment significantly from the low levels inherited in 1994. The strategies utilised are to increase economic growth so that the number of net new jobs being created starts to exceed the number of new entrants into the labour market, and to improve the education system, such that, the workforce is able to take up, the largely skilled, work opportunities which economic growth will generate. Despite more than a decade of stable growth before the global financial crisis of 2008, unemployment in South Africa has remained stubbornly high, as it never fell below 20%.

The effects of the global economic downturn have made this even worse and has contributed to the increasing numbers of unemployed people in South Africa. The EPWP is one of Government's initiatives to try to bridge the gap between the growing economy and the large numbers of unskilled and unemployed people who have not yet enjoyed the benefits of economic development.

The EPWP was introduced in 2004 as one of the measures to reduce the negative impacts of such high and persistent levels of unemployment. It aims to provide the unemployed with an opportunity to work and an avenue to contribute to developing their communities and the country.

In November 2013, Cabinet approved the continuation of EPWP into Phase III with a target of creating 6 million work opportunities from 01 April 2014 to 31 March 2019. The importance of the EPWP is clearly reflected in key Government guiding documents such as, the New Growth Path and the National Development Plan. In both of these documents, the EPWP is positioned as a key programme to contribute to achieving Government's goals of reducing unemployment and addressing gaps in the social protection system of the country. The Department is responsible for the overall co-ordination of the EPWP across all spheres of Government in four sectors, different sectors, namely Infrastructure, Social, Environment and Culture and Non-State Sector.



The detailed work opportunities and Full Time Equivalents (FTE) targets per sector are presented in the tables below:

Table 12: Overall EPWP Phase III Work Opportunities Targets: Sectorial Targets

Financial Year	Infrastructure	Environmental & Culture	Social	Non-State	Total
2014-2015	379 156	227 650	202 714	236 000	1 045 519
2015-2016	447 671	229 208	205 307	245 000	1 127 186
2016-2017	488 636	230 550	205 968	418 000	1 343 154
2017-2018	546 067	231 173	210 496	419 000	1 406 736
2018-2019	589 473	232 923	214 444	419 000	1 455 840
Totals	2 451 003	1 151 504	1 038 929	1 737 000	6 378 436

Table 13: Overall EPWP Phase III Work Opportunities Targets: Per Government Sphere

Financial Year	Local	Province	National	Total
2014-2015	278 382	354 924	412 213	1 045 519
2015-2016	310 992	380 172	436 022	1 127 186
2016-2017	347 578	382 869	612 707	1 343 154
2017-2018	395 238	391 252	620 246	1 406 736
2018-2019	428 875	397 778	629 187	1 455 840
Totals	1 761 065	1 906 996	2 710 375	6 378 436

Table 14 Overall EPWP Phase III FTEs Targets: Sectorial Targets

Financial Year	Infrastructure	Environmental	Social	Non-State	Total
2014-2015	123 638	84 514	112 421	100 379	420 951
2015-2016	146 061	87 441	113 706	103 254	450 462
2016-2017	159 419	89 671	113 119	157 515	519 724
2017-2018	178 147	91 957	114 992	188 993	574 089
2018-2019	191 975	94 301	116 577	188 993	591 846
Totals	799 240	447 884	570 814	739 135	2 557 073

Table 15: Overall EPWP Phase III FTEs Targets: Per Government Sphere

Financial Year	Local	Province	National	Total
2014-2015	89 162	162 753	169 037	420 951
2015-2016	100 882	171 689	177 891	450 462
2016-2017	113 590	172 114	234 021	519 724
2017-2018	129 912	175 476	268 701	574 089
2018-2019	141 995	178 242	217 609	591 846
Totals	575 541	860 273	1 121 260	2 557 073

As the coordinator of the EPWP, the Department will ensure that the Phase III of the EPWP is effectively planned, mainstreamed and supported. In addition, the Department 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 by training officials on methodologies to improve the reporting system.

7.3.5 The table below provides the key indicators that reflects the demands for services:

Table 16: Demand for services

Description in the demand for service	Programme Performance Indicator ²⁷
Creation of work opportunities over a period of five years for poor and unemployed people through the labour-intensive delivery of public services and infrastructure	Programme 3: Percentage of disbursed performance-based incentive allocations to eligible public bodies across all sectors
	Number of beneficiaries trained through the National skills fund
Development and implementation of appropriate regulatory mechanisms and policies to accelerate service delivery	Programme 4: Promulgation of the Public Works Act
	Legislation and guidelines to manage the immovable assets under the custodianship of the Department approved
Setting of norms and standards for greater coherence and effective service delivery implementation	Programme 5: Prestige norms and standards developed
	Prestige policies developed

²⁷Department of Public Works: 2015/16 Annual Performance Plan

7.3.6 Spending focus for the Department over the MTEF

The operationalisation of the PMTE in the 2015/16 financial year has resulted in the budget allocation for the respective functions identified for the PMTE to be devolved to PMTE as required in the Turnaround Strategy. The devolution of the budget allocation of approximately R11.2 billion to the PMTE has resulted in the decrease in the Departmental budget allocations over the medium-term. The budget allocation for the devolved functions has been reclassified as transfers and subsidies to the PMTE in the Property and Construction Industry Policy and Research Programme. The figures below sets out the DPW budget before and after the devolution to the PMTE.

Figure 7- DPW budget before devolution of the budget to PMTE

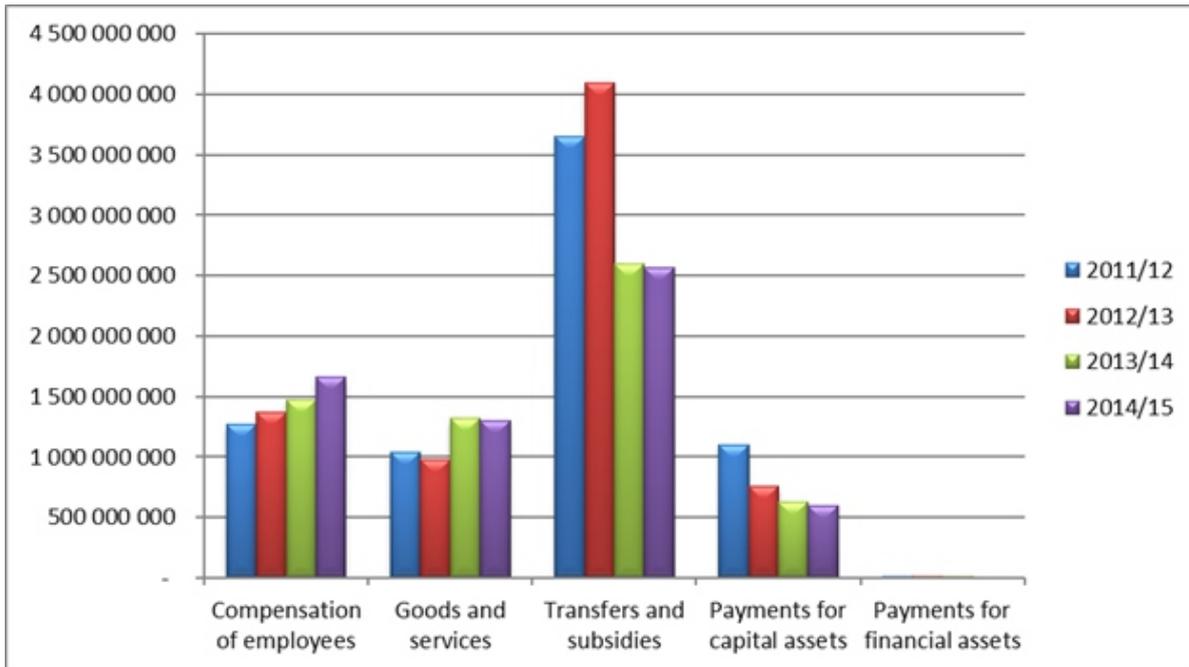
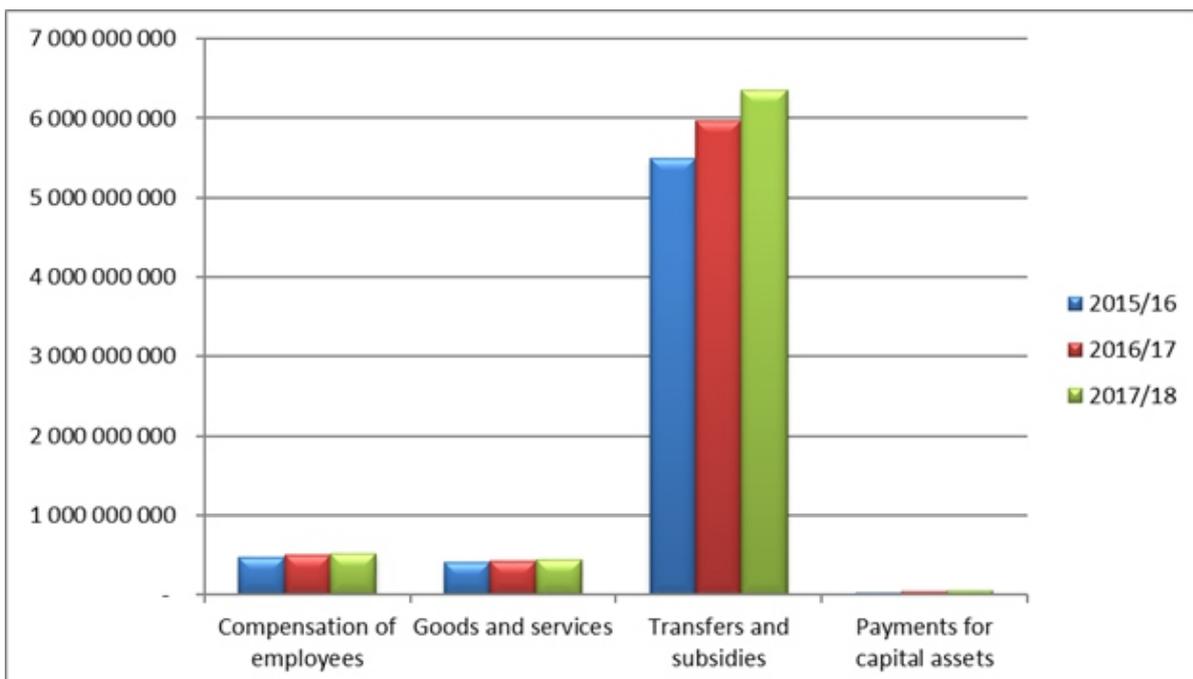


Figure 8 – DPW budget after devolution of the budget to PMTE



The Department's budget over the medium-term is R20.7 billion. The budget of R6.4 billion is projected to increase to R6.9 billion in 2016/17 and R7.4 billion in the 2017/18 financial years.

The spending focus over this extended period will be to roll-out Phase II of the Turnaround Strategy. During this Phase, the focus will be on entrenching efficiency enhancements, the review of the various Public Works White Papers that will culminate into a Public Works Bill, the setting of policies, norms and standards for the Prestige accommodation portfolio and strengthening the oversight of the Public Works sector in terms of the concurrent mandate. This can only be achieved by institutionalising effective monitoring and evaluation mechanisms.

Through the newly established Intergovernmental Coordination Programme, the Department aims to ensure coordinated and integrated implementation of national policies and programmes at national and provincial level. Through oversight, the ideals of cooperative governance, integrated development and efficient delivery will be achieved.

The EPWP will continue to be a cushion for the poor and unemployed whilst ensuring qualitative benefits are derived by individuals and communities, such as, skills training, services and infrastructure in meeting Government's goal of creating 6 million work opportunities in Phase III. An amount of R6.8 billion has been projected over the MTEF for the upscaling of EPWP in Phase III.

The bulk of the projected expenditure, R17.8 billion over the MTEF, will be on transfers and subsidies which includes the funds to be transferred from the Property and Construction Industry Policy and Research Programme for operationalisation of the PMTE.

7.4 Organisational Environment

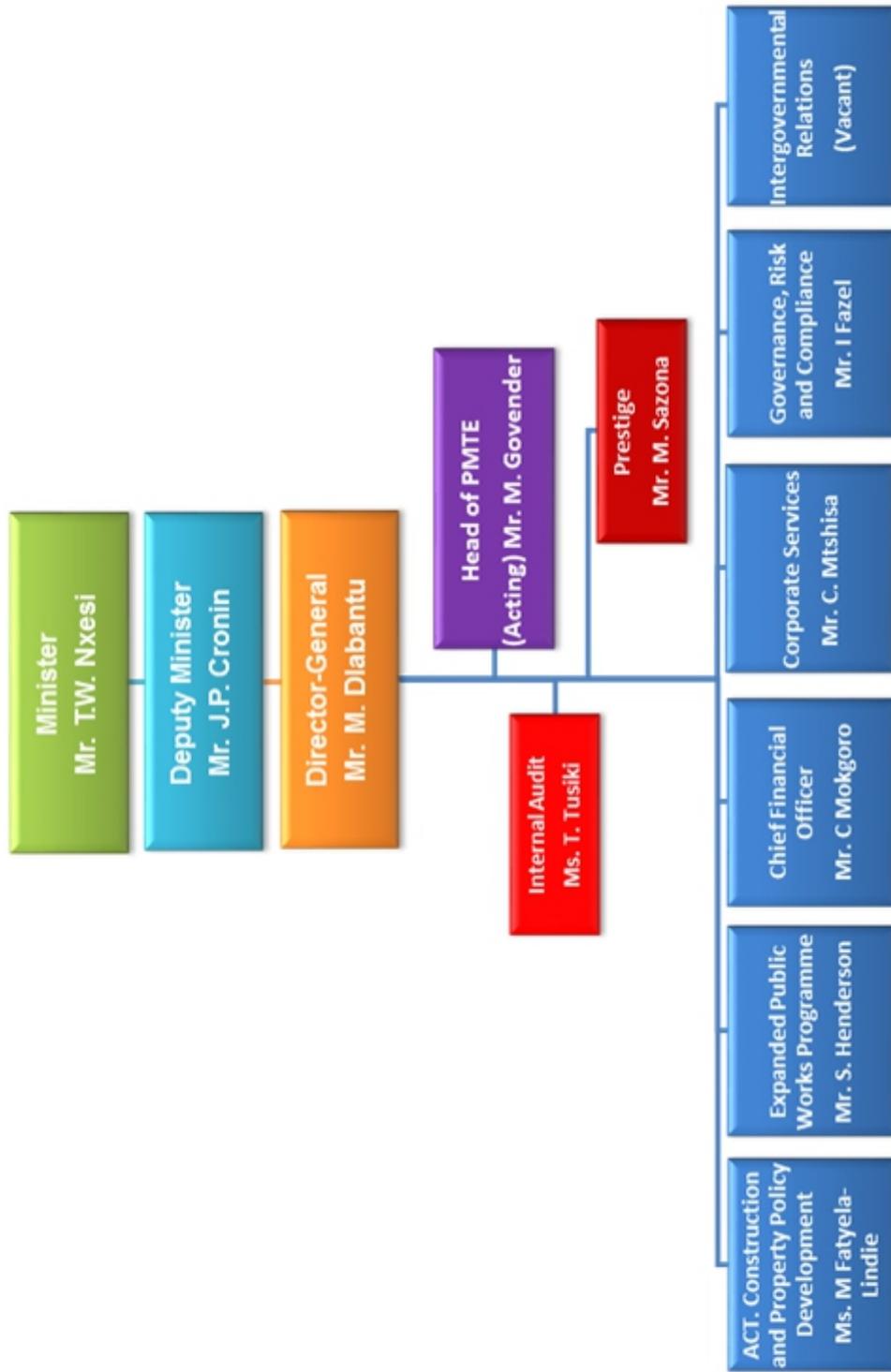
The organisational structure, as approved in 2003, no longer meets the service delivery objectives of Department, although several modifications have been made over the years. In line with the strategy for the operationalisation of the PMTE, the Department has reviewed its organisational structure for the Department and the PMTE which will be approved and implemented in phases over the MTEF to respond to the Turnaround Strategy and the service delivery mandate. This will be achieved, in line with the MTEF baseline allocations.

The review of the organisational structure takes into consideration the following:

- i. Section 3 a - d (i – v) of GIAMA 2007;
- ii. DPW's White Paper of 1997;
- iii. Five year Strategic Plan of the Department – (2015-2020);
- iv. A revised business model taking into consideration the most recent environmental changes;
- v. Operationalisation of the PMTE to improve efficiency and cost effectiveness in the provision of property management services to user departments, reduced business costs (rental and refurbishments) and optimised returns on investment on State immovable assets that fall under the custodianship of the Minister;
- vi. The new Programme Budget Structure for DPW and PMTE;
- vii. Reducing number of contract employees whilst moving the Department in the desired direction by closing employee competency gaps; and
- viii. The reduction in the outsourcing of services, such as, security and cleaning.

Figure 9 depicts the Department's functional organisational structure aligned to the Department's mandate.

Figure 9: High level organisational structure of the Department



The foregoing revised functional organisational structure, which is aligned to the respective mandates of the Department and the PMTE, depicts the following distinctive focal areas:

- i. **DPW** - consisting of Intergovernmental Coordination, Expanded Public Works Programme, Property and Construction Industry Policy Regulations, Prestige Policy, Finance and SCM, Governance, Risk and Compliance, Corporate Services and Internal Audit; and
- ii. **PMTE** - consisting of Immovable Asset Registry, Real Estate Investment Services, Construction Management Services, Real Estate Management Services and Facilities Management Services.

It is noted that the operationalisation of the PMTE separates the regulatory functions, quality norms and standard setting, monitoring and policy functions of the Department from the service delivery functions that will be undertaken by the PMTE. As a result, the new structure now enables the Department to refine its role and give effect to improved oversight functions. This will ensure that coordinated and integrated delivery of the concurrent functions are implemented with regard to determining legislative and regulatory prescripts, policy formulation, setting norms and standards, monitoring and evaluation and overseeing the implementation of these responsibilities.

Capacitating the Department for results-based management and service delivery will remain a priority within the Department. In the interim, and in view of the historical challenges, 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, some stability with appointments and secondments to key positions have been achieved and governance structures including the Accountability EXCO, Audit and Risk Management Committee, Bid Adjudication Committee, Audit Steering Committee, Risk Management Committee, Governance and Ethics Committee, Human Resource Committee and ICT Committee are in place to achieve better governance, inclusion, efficiency, accountability and improved service quality in departmental programmes.

The operationalisation of the PMTE provides the Department with the opportunity to redefine its business model and relationship with the sector. The establishment of the Intergovernmental Coordination function is a key focus area in the recapacitation of the Department and will be prioritised over the MTEF. To this end there will be new appointments in Monitoring, Evaluation and Reporting as well as Intergovernmental Relations and Coordination to effectively manage the concurrent functions. Simultaneously, the Department will capacitate the areas of Governance, Risk and Compliance, Property and Construction Industry Policy, EPWP and Prestige to improve performance and efficiencies across the remaining functions in the Department.

The operationalisation of the PMTE and transition to a Trading Entity is a process that will be supported by the Department. The Department will therefore continue to work closely with the PMTE until such time as the PMTE is fully capacitated and established as a Trading Entity.

The table below provides the Departmental staff complement for the 2014/15 financial year as at January 2015:

Table 17: Department of Public Works - staff establishment

Staff Establishment					
Salary Level	Filled posts	Vacant posts	Total establishment	Posts additional to the establishment	Vacancy Rate
1	519	0	519	519	0%
2	9	2	11	0	18,18%
3	8	0	8	0	0%
4	59	12	71	4	16,90%
5	72	40	112	50	35,71%
6	42	7	49	8	14,29%
7	133	29	162	12	17,90%
8	117	28	145	9	19,31%
9	16	4	20	2	20%
10	111	21	132	3	15,91%
11	24	5	29	8	17,24%
12	179	33	212	12	15,57%
13	83	17	100	20	17%
14	30	4	34	9	11,76%
15	8	3	11	6	27,27%
16	3	0	3	0	0%
Total	1 413	205	1 618	662	12,67%

The Department has a total staff establishment of 1 618 posts of which 1 413 are filled. 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. The Human Resource Plan which identifies current and future human resources needs for the Department to achieve its strategic goals is reviewed annually in line with the Department's strategy and structure to ensure that the appropriately skilled people are in the right place at the right time to respond to critical areas in the course of delivering on the mandate of the Department.

7.5 Description of the strategic planning process

The Department's strategic planning process has followed the National Planning Framework which defines the cycles of policy, strategy, programme development, budgeting, monitoring and evaluation and the tabling thereof for public consumption. In this regard, the Department has taken cognisance of the following processes in the compilation of this Strategic Plan.

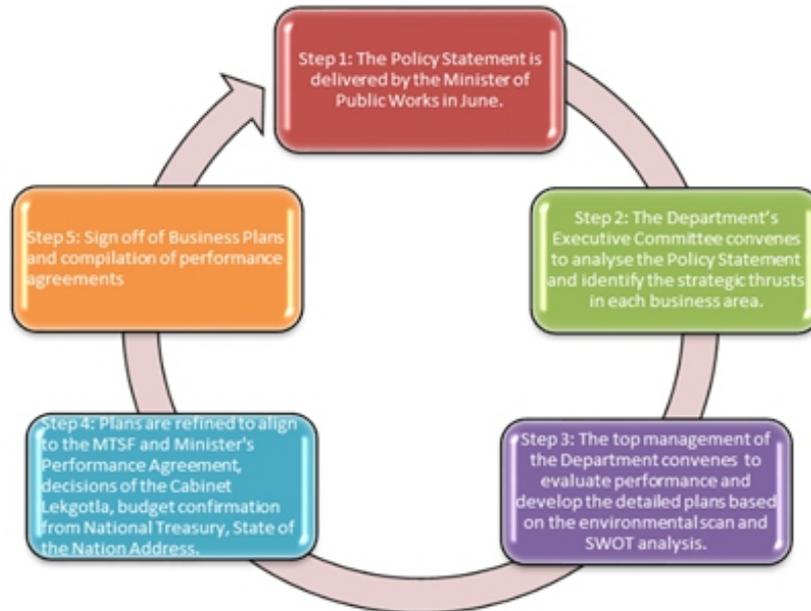
7.5.1 National Government planning process

- i. The NDP is the country's strategic plan which articulates the desired 2030 vision of South Africa. It focuses on developmental challenges in the country and adopts the outcomes-based approach to reflect on the achievement of sectors and intergovernmental implications rather than on individual departments' outputs.
- ii. This vision is then cascaded down into the current administration's 2014-2019 MTSF which is viewed as the first in a series of five-year planning cycles that will advance the goals of the NDP. The MTSF is structured around 14 priority outcomes identified in the NDP and other plans such as the NGP, National Infrastructure Plan and the Industry Policy Action Plan.
- iii. The Government planning process is divided into policy planning and budgetary planning. These processes are interrelated but have a different set of principles. The MTSF priorities inform the budget submissions that National Departments make to Government's budgeting process, as encapsulated in the MTEF. This details the three (3) year rolling expenditure and revenue plan for departments.

7.5.2 Departmental strategic planning process

- i. Departments are required to produce five year Strategic Plans and Annual Performance Plans informed by the Medium Term Strategic Framework. In drafting its five year Strategic Plan aligned to the five year term, the Department revised its strategic planning process to improve efficiencies within the process and promote inclusive and integrated departmental planning as well as to improve the quality of the Department's quarterly and annual reports.
- ii. The Department's Strategic Plan is based on the policy imperatives of the Minister as the Political Head of the Department responsible, for the overall strategy determination, as informed by Government's priorities. To this end, the Minister delivered a Five Year Policy Statement during June 2014 which outlined the priority areas that have become the strategic thrusts of the Department.
- iii. As per the figure below, in step two (2) of the process, the Executive Committee of the Department engaged with the Minister's Statement by identifying the implications for each business stream of the Department in preparation for the Departmental Strategic Planning Session.

Figure 10: The departmental strategic planning process



- iv. A Departmental Strategic Planning session was then convened in August 2014 as step three (3) in the process. This was attended by top and senior managers in the Department as well as the Chief Executive Officers of the Public Entities reporting to the Minister. During the Strategic Planning Session, the Department expanded on its strengths, thus furthering its competitive advantage, to achieve effectiveness and success. The objective of the session was to inculcate integrated planning and highlight critical areas in the Department's performance, reprioritise current activities and related performance targets, define future targets to align to the newly defined priorities and affirm the second phase of the Department's Turnaround Strategy, which is Efficiency Enhancement Phase.
- v. The product of the three day session is the five year Strategic Plan and Annual Performance Plan.
- vi. Lastly, as part of Step Five on the above figure, the Annual Performance Plans are translated into Business Plans where strategic performance indicators are broken down into performance indicators which measure inputs, activities, processes and lower level outputs. This plan also sets out the various action steps to be undertaken in order to achieve the targets in the Annual Performance Plan, resource requirements, target dates as well as the cost involved in collecting data for each performance indicator. This is to ensure accountability in the use of resources as well as effective and efficient achievement of outputs in line with the Department's strategic priorities. Individual workplans are, at this level, aligned to the Business Plans.



PART B: Programme and Sub-programme Plans

8. Departmental Programmes and Sub-Programmes

The Departmental Programmes and Sub-Programmes are as follows:

i. Programme 1: Administration

Sub-Programmes:

- Ministry
- Management (Office of the Director-General, Internal Audit, Fraud Awareness and investigations within Governance, Risk and Compliance)
- Corporate Services
- Finance and Supply Chain Management
- Office Accommodation

ii. Programme 2: Intergovernmental Coordination

Sub-Programmes:

- Monitoring, evaluation and reporting (including Governance, Risk and Compliance)
- Intergovernmental relations and coordination

iii. Programme 3: Expanded Public Works Programme

Sub-Programmes:

- Expanded Public Works Programme Monitoring and Evaluation
- Expanded Public Works Programme Infrastructure
- Expanded Public Works Programme Operations
- Expanded Public Works Programme Partnership Support
- Expanded Public Works Programme Coordinating Commission

iv. Programme 4: Property and Construction Industry Policy Regulation

Sub-Programmes:

- Construction Industry Development Programme
- Property Industry Development Programme
- Sector Research and Analysis
- Construction Industry Development Board
- Council for the Build Environment
- Independent Development Trust
- Construction Education Training Authority
- Assistance to Organisations for Preservation of National Memorials
- Property Management Trading Entity

v. Programme 5: Prestige Policy

Sub-Programmes:

- Prestige accommodation and State functions
- Parliamentary Villages Management Board

8.1 Programme 1: Administration

The purpose of this Programme is to provide strategic leadership management and support services to the Department.

Programme 1 consists of the Ministry, Management, Corporate Services, Finance & Supply Chain Management 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 which provides strategic management and leadership to the Department. Included in this Sub-Programme is the Internal Audit function which conducts independent, objective assurance and consulting services designed to add value and improve the Department's operations. The Corporate Services and Finance and Supply Chain Management (SCM) Sub-Programmes provide effective resourcing and essential support services to ensure efficient functioning of the Department.

8.1.1 Sub-Programme: Management

The Management Sub-Programme is responsible for effective governance and the integrity of operations in the Department and PMTE. The functions provided by this Sub-Programme include:

- i. Evaluating and providing reasonable assurance regarding the systems for internal control, risk management and governance processes; and
- ii. Promoting anti-fraud and corruption campaigns, and conducting investigations on reported allegations of fraud, corruption and maladministration.

8.1.1.1 Analysis of achievements and challenges

Internal Audit has successfully implemented the Risk Based Internal Audit Plan to improve efficiencies across various business areas within the Department. The Fraud Awareness and Investigations unit has rolled out Fraud Awareness Workshops to create awareness within Head Office and the eleven (11) Regional Offices, reaffirming Public Works' commitment to fighting fraud and corruption. In addition, it has expedited fraud investigations resulting in the reduction of the backlog of cases that required to be attended to, from as far back as 2009/10.

Some of the challenges faced by the programme included:

- i. Inability to conduct reviews on all high risk areas as per the Department's risk and audit requirements.
- ii. Failure to institute investigations within the 30 day time period as specified by National Treasury Regulations, and
- iii. Delays in finalising disciplinary cases against officials implicated in fraud and corruption activities and the prosecution of service providers.

8.1.1.2 Sub Programme strategy to be implemented

The interventions to be delivered include the development of an Minimum Anti-Fraud and Corruption Strategy and Whistle Blowing Policy in terms of the Minimum Anti-Corruption Capacity (MACC) requirements. The Strategy is aimed at introducing control measures to prevent issues of fraud and corruption before they occur, managing fraud risks, investigating allegations of fraud and corruption within the Department and recommending corrective actions.

In addition, an assessment of Fraud Risks to mitigate the prevalence and vulnerability of the Department to fraud and corruption and to identify its roots causes, was conducted. The outcome of Fraud Risk Assessment informed the Fraud Prevention Plan of the Department. Fraud Awareness Workshops and promotion of ethical business to prevent and deter corrupt practices are now continually conducted while the mechanisms for reporting incidents of fraud and corruption are promoted.

Furthermore, business processes have been reviewed to initiate investigations within 30 days upon receipt of the allegation to maximise recourse for the Department (i.e. civil recovery, disciplinary and criminal proceedings). This will also allow the Department to conclude investigations into allegations of fraud and corruption within the reasonable time frames.

Collaboration between the Department, National Treasury, the Special Investigation Unit (SIU), the South African Police Service (SAPS) and the National Anti-Corruption Task Team (ACTT) is being strengthened to respond to incidents of fraud and corruption. There has also been a massive anti-corruption drive within the Department which has been steered by the Fraud Strategy and Policy to prioritise education and communication. This places the Programme at the centre of pro-active efforts to “create a culture of Zero Tolerance to fraud and corruption”.

8.1.2 Sub Programme: Finance and Supply Chain Management: (SCM)

The mandate of Finance and SCM is to provide financial efficiency and effectiveness and a responsive SCM service to support the Department's business requirements. In delivering this mandate, the Branch performs the functions of financial management, SCM, moveable asset management, provisioning of goods and services for the Department and ensuring compliance with internal controls.

8.1.2.1 Analysis of achievements and challenges

The Department received an Unqualified Audit Report for the 2013/14 financial year following several years of negative audit findings. The turnaround times on invoices paid to service providers has improved with the current compliance rate at almost 90 % of payment of invoices within 30 days. The Department also improved its budget utilisation from 91% in the 2012 – 2013 financial year to 98% of the annual appropriation in the 2013/14 financial year.

As part of the SCM Stabilisation Phase in the Turnaround Strategy, the successful reengineering of SCM business processes and internal controls, which previously resulted in inordinate levels of irregular expenditure, were completed. This was augmented by the updated and approved SCM Policy which now eliminates ambiguity in the interpretation of SCM practices and processes. SCM is therefore uniformly implemented across the Department and this has contributed towards the prevention of irregular expenditure. In addition, the Inspectorate and Compliance Unit now vet SCM processes prior to the award of a bid or quotation.

The challenges encountered by Finance and SCM arose mainly as a result of the lack of suitably qualified personnel to perform financial functions within the Department, the sector and the industry. In addition, the Stabilisation Phase of the Turnaround could not be concluded due to the inability to reduce the backlogs in irregular expenditure due to insufficient information and aging of transactions that required to be condoned.

The SCM interventions that were identified for the 2014/15 financial year, such as the establishment of the Demand Management Unit, the training of SCM officials and the transfer of skills, have not been implemented as yet.

8.1.2.2 Sub Programme strategy to be implemented

The primary focus over the next five years will remain on developing the Department's financial health by ensuring accountability, transparency, credibility and compliance with an emphasis on cleaning up the remaining audit findings. In addition, the following areas will form part of the implementation strategy:

- i. Re-enforcing compliance with policies and procedures to eliminate irregular and fruitless and wasteful expenditure; and
- ii. Separation of the DPW and PMTE financial functions to better meet the business requirements.

8.1.2.3 Strategic objective 1.1

Table 18: Programme 1: Strategic objective 1.1

Strategic objective 1.1	To ensure sound financial resource management through compliant and responsive financial management practices to maintain an unqualified audit outcome.
Objective statement	To ensure effective financial planning and management through <ul style="list-style-type: none"> • Implementing sound internal control measures; and • Managing the expenditure of the Department.
Baseline	Improved audit outcome for DPW for 2013/14 (Unqualified outcome with 4 matters of emphasis and 13 matters of non-compliance)
5 Year target	Unqualified audit outcome
Justification	Improving the financial performance of the Department by ensuring compliance to financial frameworks.
Links	Sound financial management and accountability to ensure effective and efficient governance and accountability within the Department and public sector.

8.1.3 Sub Programme: Corporate Services:

Corporate Services is key in spearheading delivery of the core business through strategic support services such as Information Communications Technology, Communications and Marketing, Human Resources, Security and Physical Risk Management, International Relations, Legal Services and Diversity Management.

In support of key business priorities emanating from the MTSF Corporate Services performs a range of functions including, but not limited to, the design and application of staffing solutions, provision of modern and appropriate information management systems and technologies and mainstreaming of gender, disability and youth development.

The skills shortage in core business areas is currently the main challenge experienced within the Department. The existing Skills Development Programmes, i.e. the Young Professional Programme, Internship Programme and the Artisan Training Programme seek to re-capacitate the DPW and PMTE in these critical areas whilst providing valuable on the job training to the individuals within the training programme.

In implementing the revised organisational structure, the Department will conduct a skills audit to assess the existing skills in both DPW and PMTE and also develop job descriptions to determine the skills required. Emanating from the skills audit, a Training Plan will be put in place to deal with skills gaps that have been identified. As part of the implementation of the organisational structure, the Department has also developed a migration plan which has been adopted by EXCO, to map out the movement of staff and functions to the PMTE.

8.1.3.1 Analysis of achievements and challenges

Corporate Services has worked consistently to upgrade and enhance its outputs. In this regard, the following achievements must be noted:

- i. A proposed functional organisational structure that responds to the mandate of the Department was reviewed and developed;
- ii. The development, consultation and approval of the Departmental HR Plan with a clear action plan focussing on the capacitation of core the business units;
- iii. Human Resource delegations were reviewed and approved by the Executive Authority;
- iv. Through Change Management, the National Framework Agreement on Turnaround with Labour, was signed;
- v. The EPWP Non-State Sector disability awareness programme has led to an increased participation of People with Disabilities;
- vi. Key initiatives for the transformation and empowerment of women led to the formation of the Women in the Engineering and Built Environment Professionals in partnership with the University of Johannesburg;
- vii. Enhanced skills development through the Cuban technical advisory program, internship and young professionals programme;
- viii. MoU with the USA Office of Defence Cooperation on renovations of South African Military Health Service facilities in 2014 facilitated
- ix. Enhanced ICT efficiencies, established an internal call centre system and internal capacity built;
- x. Vetted prioritised officials (Office of the Ministry, Office of the Director-General, Project Managers, Deputy Directors-General and support, Regional Managers) and service providers successfully; and

- xii. High level cases of fraud and corruption were successfully investigated by the SIU and finalised through applicable disciplinary processes.

Further progress was thwarted by:

- i. The absence of a viable Master Systems Architecture Framework, which was compounded by poor business support of ICT and inadequate SITA processes. This has resulted in reduced adoption and deployment of ICT within the Department.
- ii. Inefficiencies within contract management resulted in judgments against the Department.
- iii. Lack of buy-in made mainstreaming difficult, thus leading to non-achievement, e.g. Employment Equity and failure to achieve the 50 /50 ratio of female Senior Management Service (SMS) members

8.1.3.2 Sub Programme strategy to be implemented

The interventions to be delivered by Corporate Services include:

- i. Talent recruitment to address skills shortages within the core business thus contributing to job creation;
- ii. Finalisation and capacitation of the organisational structure in support of the new DPW/PMTE business model;
- iii. Developing and implementing a Master Systems Architecture plan which is aligned to the PMTE business requirements;
- iv. Developing a proactive and responsive engagement model of operations within Corporate Services;
- v. Security enhancements and a responsive labour relations environment to mitigate against fraud and corruption;
- vi. Rollout of the change management program to ensure sustainable business improvement; and
- vii. Enhanced support to policy development in the entrenchment of the public works mandate and promotion of transformation in the relevant sectors.

8.1.3.3 Strategic objective 1.2

Table 19: Programme 1: Strategic objective 1.2

Strategic objective 1.2	To provide strategic corporate services to PMTE and DPW through the implementation of corporate service plans.
Objective statement	<p>Management of strategic corporate services through the:-</p> <ul style="list-style-type: none"> • Design and application of staffing and skilling solutions including the management of the organisational structure, attraction, development and retention of skills, service benefits and employee health and wellness; • Provision of modern and appropriate information management systems and technologies; • Maintaining secured integrated systems, networks infrastructure, and relevant information and communication technologies; • Analysis of the existing international relations regime and the identification of business and other opportunities of strategic value to DPW; • Implementing the approved Communications Strategy of DPW; • Provision of efficient, effective and economical legal support and advisory services to DPW and the Ministry; • Protection of Departmental assets by implementing approved State security measures; and • Mainstreaming of gender, disability and youth development in the core business of both DPW and its related industry (Construction and Property) and ensuring the promotion and the protection of children’s rights.
Baseline	Development of plans to support the core business of DPW through Human Resource planning, Skills Development, Security Management, Legal Advisory Services and Communications
5 Year target	Corporate service (Human Resources, ICT, Security, Legal, Gender, International Relations and Communications) service plans developed to resource DPW and PMTE.
Justification	The Corporate Services Branch is a key enabler of core business in ensuring that resources are assigned, as and when required. Corporate Services supports service delivery objectives in line with the operationalisation of the PMTE and the reconfiguration of the Department of Public Works.
Links	Ensuring the right resources are organised in the right way to support a service driven Department in achieving its medium to long term goals

8.1.4 Resource considerations for Programme 1

8.1.4.1 The expenditure estimates for Programme 1: Administration are set out below:

Table 20: Expenditure estimates for Programme 1: Administration

Sub programmes	Audited outcome			Adjusted appropriation 2014/15	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Ministry	25 276	22 279	19 512	32 101	32 943	34 729	37 142
Management	32 380	74 359	88 812	97 719	109 003	109 769	110 391
Corporate Services	295 738	263 828	248 355	267 338	247 364	279 628	291 250
Finance and Supply Chain Management	79 687	101 923	270 004	77 095	86 686	78 057	81 042
Total	433 081	462 389	626 683	474 253	475 996	502 183	519 825

Economic classification	Audited outcome			Adjusted appropriation 2014/15	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	383 611	439 174	596 009	439 457	456 761	467 046	478 964
Compensation of employees	184 521	203 740	217 673	231 822	263 084	268 212	272 788
Goods and services	198 880	235 418	378 336	207 635	193 677	198 834	206 176
Interest and rent on land	210	16	-	-	-	-	-
Transfers and subsidies	567	5 988	856	9 511	9 508	9 810	10 315
Provinces and municipalities	3	3	2	11	6	6	6
Households	564	5 985	854	9 500	9 502	9 804	10 309
Payments for capital assets	48 903	17 227	22 030	25 285	9 727	25 327	30 546
Machinery and equipment	42 415	17 070	5 978	19 120	9 727	25 327	30 546
Software and other intangible assets	6 488	157	16 052	6 165	-	-	-
Payments for financial assets	-	-	7 788	-	-	-	-
Total	433 081	462 389	626 683	474 253	475 996	502 183	519 825

8.1.4.2 Expenditure trends analysis

The spending focus over the medium-term will be on Management and Corporate Services, such as Legal Services, Human Resources Management, and Finance and SCM. The bulk of this expenditure is on compensation of employees and goods and services for day to day operations of the Department.

Between 2012/13 and 2013/14, spending in the Finance and SCM Sub Programme increased significantly due to the implementation of the Turnaround Strategy in the Department. The Department's Turnaround Strategy was funded mostly from funds reprioritised to this programme from the Property and Construction Industry Policy and Research Programme. A decrease in goods and services in this Programme is linked to phasing out of the completed Turnaround projects.

As part of the Cabinet approved budget reductions, the Department will reduce spending by R45 million over the medium-term period. The reductions were implemented mainly in spending on compensation of employees and non-core goods and services items.

8.1.4.3 Staff establishment for Programme 1

Figure 11: The macro-organisational structure of Programme 1

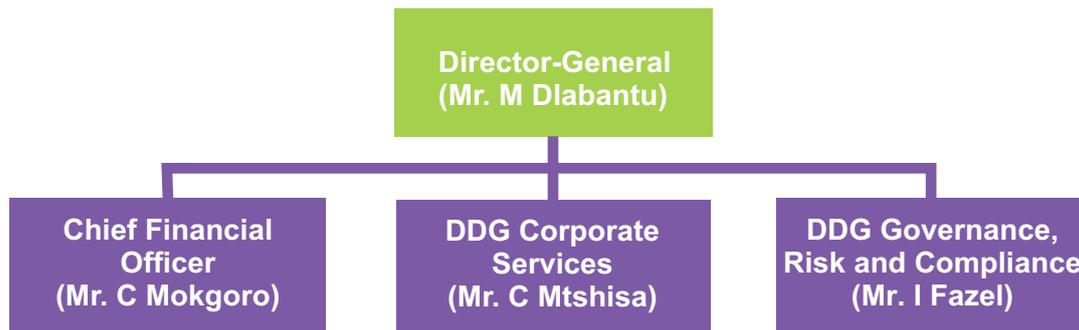


Table 21: Staff establishment for Programme 1: Administration

Staff establishment for Programme 1: Administration					
Salary Level	Filled posts	Vacant posts	Total establishment	Current vacancy rate (%)	Additional to the establishment
01	517		517	0%	517
02	9	2	11	18%	
03	8		8	0%	
04	32	9	41	21,95%	4
05	69	22	91	24,18%	49
06	36	6	42	14,29%	3
07	91	15	106	14,15%	12
08	93	19	112	16,96%	9
09	10	2	12	16,67%	2
10	81	10	91	10,99%	3
11	12	2	14	14,29%	7
12	76	13	89	14,61%	11
13	47	10	57	17,54%	19
14	21	2	23	8,70%	8
15	7	2	9	22,22%	6
16	3		3	0%	
Grand Total	1 112	114	1 226	9,30%	650

Programme 1 has a total staff establishment of 1 226 positions with a vacancy rate of 9%. The overall purpose of the Programme is to ensure the successful implementation of the Department's mandate through sustainable and integrated resource solutions and services that are client-driven.

8.1.5 Risk management for Programme 1

Table 22: Risk management for Programme 1: Administration

Strategic objective	Risk	Mitigating factors
To provide strategic corporate services to PMTE and DPW through the implementation of corporate service plans.	Inability to implement the proposed structure	Approval of the draft Organisational structure
	Insufficient technical capacity to support PMTE	<ul style="list-style-type: none"> • Implementation of the approved HR plan • Filling of critical vacant posts • Enhancement of the skills development programme
	Lack of integrated business systems	Implementation of the Asset Register and Lease Management modules within Property Management System
To ensure sound financial resource management through compliant and responsive financial management practices to maintain an unqualified audit outcome.	Ineffective management of contracts awarded to contractors	<ul style="list-style-type: none"> • Enforcement of delegation of authority to dismiss non-performing contractors • Develop proper documented performance assessment process
	Uncertainty of Business Continuity resulting from change	<ul style="list-style-type: none"> • Effective Change Management Office • Development of the White Paper
	Fraud and Corruption arising from failure to comply with legislative prescripts	<ul style="list-style-type: none"> • Monitoring and enforcing compliance to internal controls through consequence management. • Development of a Contract Management Framework

8.2 Programme 2: Intergovernmental Coordination

The purpose of the Intergovernmental Coordination Programme is to provide sound sectoral intergovernmental relations and strategic partnerships. Coordinate with Provinces on immovable asset register, construction and property management, the implementation of Government Immovable Asset Management Act (2007) and the reporting on performance information within the Public Works sector

8.2.1 Sub-Programme: Monitoring, Evaluation and Reporting

The Monitoring, Evaluation and Reporting Sub-Programme is responsible for ensuring an integrated, holistic approach to department-wide governance in accordance with its risk appetite, internal practices and external regulations, through the alignment of strategy, processes, technology and people, thereby improving efficiency and effectiveness. The functions provided by the Sub-Programme include:

- i. Monitoring and evaluating the Department's performance to support effective leadership and decision-making,
- ii. Planning for successful outcomes through the development of strategic and operational performance plans for the Department,
- iii. Coordinating and monitoring service delivery improvement initiatives within the Department,
- iv. Coordination of the annual strategic and operational risk management processes,
- v. Systematic management of strategic and operational information of the Department to support decision making, planning, performance management and service delivery improvement processes.

8.2.1.1 Analysis of achievements and challenges

This Sub-Programme was successful in the following areas:

- i. Implementation of a Departmental Framework for the Planning of Performance Information resulting in an improved Strategic Planning processes;
- ii. Risk champions have been appointed for Regional Offices and Branches at Head Office, the Risk Management Committee has been established and the risk appetite for the Department has been set in the Risk Management Policy; and
- iii. Implementation of Phase I enterprise wide document management (Papertrail), business intelligence systems (SAS), and business architecture.

The factors that hindered further progress included:

- i. Lack of research capability and performance evaluations to inform the Department's strategic thrusts;
- ii. Poor implementation of corrective measures on non-performance in service delivery programmes;
- iii. Inadequate risk management awareness and training. The risk management function requires further attention to ensure that risk management is embedded into the day-to-day activities of the Department and PMTE; and
- iv. Lack of specialised resources with a focus on business intelligence.

8.2.1.2 Sub Programme strategy to be implemented

Governance, Risk and Compliance (GRC) entails the integration of all governance, risk assessment and mitigation, compliance and control activities to operate in synergy. In order to champion good governance for the Department, the Governance Risk and Compliance (GRC) Branch was formalised in August 2014.

As articulated in the Policy Statement of the Minister of Public Works, the GRC Branch will drive Service Delivery Improvement as one of the key drivers of the Turnaround Strategy process. The Service Delivery Model becomes an integral part of this process in demonstrating how the Department is going to deliver on its strategy with the most appropriate modes of delivery. The Service Delivery Model will incorporate the work being done within the Department to ensure that there is no duplication of effort and to ensure alignment with the Strategic Plan as well as the Service Delivery Improvement Plan.

In addition, the implementation of the Service Delivery Framework, inclusive of the Service Delivery Model, will play a vital role in the achievement of Departmental, Provincial and National strategic objectives by turning strategy into action. The Framework is therefore intended to entrench continuous improvement in the planning, analysis, measurement and management of service delivery. In support of this, there is also a need to mainstream knowledge management, business intelligence and information management across the Department to mitigate all the risks associated with loss of information.

8.2.1.3 Strategic objective 2.1

Table 23: Strategic objective 2.1

Strategic objective 2.1	To ensure compliance to management practices through the MPAT improvement plan
Objective statement	<ul style="list-style-type: none"> • Support decision making through the provision of strategic information • Monitoring compliance at a corporate level through a multiplicity of top governance structures; • Planning for successful outcomes through the development of the 5 Year Strategic Plan and Annual Performance Plan; • Service delivery improvement planning and monitoring; • Quarterly monitoring, evaluation and reporting of organisational performance; and • Annual strategic and operational risk management processes.
Baseline	Based on the Management Performance Assessment Tool (MPAT) , published by the Department of Performance Monitoring and Evaluation for 2013/14, the Department achieved 46% compliance of management practices. Interventions will be put in place to ensure an improved MPAT rating and enhance corporate governance within the Department.
5 Year target	100% compliance of management practices as per MPAT
Justification	To ensure responsiveness through improved decision making, control efficiency, effective risk mitigation and compliance whilst upholding accountability.
Links	Effective governance will ensure effective and efficient service delivery within the Department thereby promoting openness, integrity and accountability.

8.2.2 Sub-Programme: Intergovernmental Relations and Coordination

Intergovernmental Coordination is a means for arranging the distinctive effort, capacity, leadership and resources of each sphere and directing these as effectively as possible towards the developmental and service delivery objectives of Government. The public works function is a shared competency between the National and Provincial Governments in accordance with Schedule 4 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The National Department of Public Works is, responsible for policy formulation, determining regulatory frameworks including setting norms and standards, and overseeing the implementation of these concurrent functions while the Provincial Department's functions are largely that of implementation within the National Framework.

8.2.2.1 Analysis of achievements and challenges

In the absence of the Public Works Act, Minmec has provided the basis for oversight and coordination of the concurrent functions. As a forum of co-operative Government, Minmec has been utilised to consult, coordinate implementation and align programmes at national and provincial levels. In this regard, the Charters for top governance structures have been successfully implemented. Through various policies and legislation, the Department has regulated the construction and property sectors. Customised performance indicators have been and continue to be developed annually with the Provinces for concurrent functions. A transparency system based on the COST Model has been established and alignment with the Integrity Management Framework is under review.

Despite various meaningful pieces of legislation, including the Constitution and the Intergovernmental Relations Framework, there is a need to address the integration challenges, including the assignment of powers and functions, across both spheres which have constrained intergovernmental planning within the public works sector. Such lack of regulatory frameworks for concurrent functions poses limitations on the Department's oversight role over the provincial counterparts. Through the development of new legislation the Department aims to create coherent Government that delivers services through the three spheres of Government.

8.2.2.2 Sub Programme strategy to be implemented

Although Provinces are distinctive, they are required to exercise their powers and perform their functions within the Regulatory Framework set by the National Department. The National Department is also responsible for monitoring compliance with that framework and, if need be, intervene when constitutional or statutory obligations are not fulfilled. In his Policy Statement the Minister indicated that in, the development of a new Public Works Act, provision must be made for Provinces to ensure coordinated and integrated implementation of national policies and programmes. Provinces will retain relative autonomy, while remaining accountable to their constituencies. It must be noted that the spheres of Government are interdependent while working and, in cooperation with one another they provide a Government that meets the needs of the country, as a whole.

8.2.2.3 Strategic objective 2.2

Table 24: Strategic objective 2.2

Strategic objective 2.2	To pursue common service delivery objectives within the publicworks sector through the coordinated implementation of programmes at National and Provincial level.
Objective statement	<ul style="list-style-type: none"> Alignment of service delivery objectives with regard to the planning and implementation of policies, projects and programmes within the public works sector to give effect to common objectives through the intergovernmental forums (Technical MinMec, MinMec and CFO's Forums); Quarterly oversight of sector entities; and Development of customised performance indicators annually for the Provincial Departments of Public Works.
Baseline	<ul style="list-style-type: none"> 12 Intergovernmental forums convened annually; 4 Oversight forums with sector entities; and Customised performance indicators developed for the Public Works Sector;
5 Year target	Public Works sector supported in areas of concurrence
Justification	The Constitution states that the spheres have to assist and support each other, share information and coordinate their efforts. Through this cooperative governance mandate, the spheres of Government must cooperate must cooperate with each other to provide a comprehensive package of services.
Links	The strategic objective contributes to good corporate governance to support effective and efficient service delivery by creating a coherent Government that delivers services to the nation.

8.2.3 Resource considerations for Programme 2

8.2.3.1 The expenditure estimates for Programme 2: Intergovernmental Coordination are set out below:

Table 25: Expenditure estimates for Programme 2: Intergovernmental Coordination

Sub programmes	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	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)
Monitoring ,Evaluation and Reporting	11 258	11 326	11 274	16 750	32 895	35 231	37 456
Intergovernmental Relations and Coordination	8 410	7 171	7 606	9 000	14 328	14 860	15 371
Total	19 668	18 497	18 880	25 750	47 223	50 091	52 827

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	19 581	18 452	18 787	25 750	43 923	46 791	49 527
Compensation of employees	14 884	15 240	14 836	20 800	31 531	33 264	34 927
Goods and services	4 692	3 207	3 951	4 950	12 392	13 527	14 600
Interest and rent on land	5	5					
Transfers and subsidies	-	-	-	-	300	300	300
Households					300	300	300
Payments for capital assets	87	45	93	-	3 000	3 000	3 000
Machinery and equipment	87	45	93	-	3 000	3 000	3 000
Payments for financial assets	-	-	-	-	-	-	-
Total	19 668	18 497	18 880	25 750	47 223	50 091	52 827

8.2.3.2 Expenditure Trends Analysis

The spending focus over the medium-term will be on promoting sound sectoral intergovernmental relations, strategic partnership monitoring, compensation of employees and goods and services.

This Programme aims at ensuring consistent, sound and integrated corporate governance within the sector through the implementation of the service delivery improvement framework and coordination of intergovernmental forums.

Personnel numbers are expected to increase over the medium-term with the filling of the critical vacant positions to ensure promotion of sound sectoral intergovernmental relations and strategic monitoring.

8.2.3.3 Staff establishment for Programme 2: Intergovernmental Coordination

Figure 12: The macro-organisational structure of Programme 2

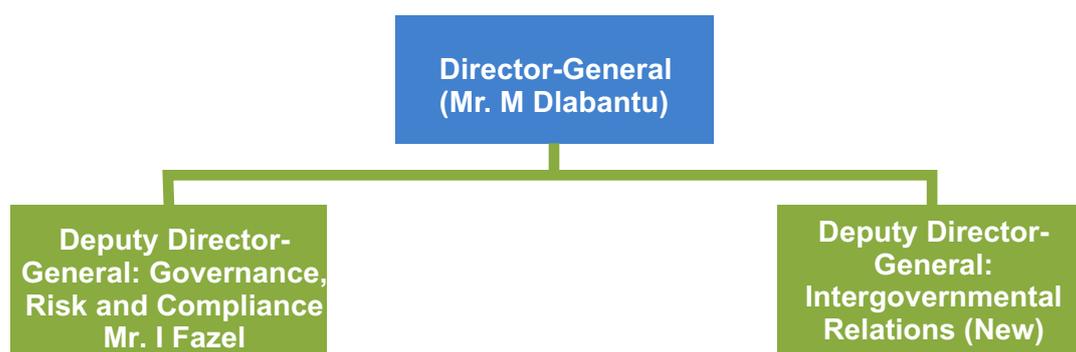


Table 26: Staff establishment for Programme 2: Intergovernmental Coordination

Staff Establishment For Programme 2: Intergovernmental Coordination					
Salary Level	Filled posts	Vacant posts	Total establishment	Current vacancy rate (%)	Additional to the establishment
01					
02					
03					
04					
05	6	8	14	57%	2
06		1	1	100%	
07	2	1	3	33%	
08	7		7	0%	
09					
10	7	4	11	36%	1
11	5	1	6	17%	1
12	12	2	14	14%	
13	11	1	12	8%	1
14	3		3		
15					
16					
Grand Total	53	18	71	25.35%	5

Programme 2 has a total staff establishment of 71 positions with a vacancy rate of 25.35%. The Intergovernmental Coordination function is a means for arranging the distinctive effort, capacity, leadership and resources of each sphere and directing these as effectively as possible towards the developmental and service delivery objectives of Government as a whole. It also ensures the coordination of intergovernmental forums, interaction and engagements with all spheres of Government. Further, it deals with developing common standards and practices of accountability and good governance.

8.2.4 Risk management for Programme 2

Table 27: Risk management for Programme 2: Intergovernmental Coordination

Strategic objective	Risk	Mitigating factors
To ensure compliance to management practices through the MPAT improvement plan	Failure to deliver quality services	<ul style="list-style-type: none"> Development of the Service Delivery Improvement Framework for one service line each year
	Exposure to fraud and corruption	<ul style="list-style-type: none"> Implementation of the Fraud prevention plan; Revise SCM Infrastructure project Framework ; Implementation of the Infrastructure Delivery Management System ; and Operationalization of Governance and Ethic Committee (GNE).

8.3. Programme 3: Expanded Public Works Programme (EPWP)

8.3.1 Expanded Public Works Programme

The purpose of the EPWP is to coordinate the implementation of the expanded public works programme which aims to create work opportunities and provide training for unskilled, marginalised and unemployed people in South Africa.

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 across all spheres of Government in four different sectors, namely Infrastructure, Social, Environment and Culture and Non-State Sector.

The EPWP, was first launched 10 years ago as one of Government's major Public Employment Programmes under the auspices of Anti-Poverty Strategy, and has to date created a total of 5.5 million work opportunities. This programme encompasses all Spheres of Government and State-Owned Enterprises and has improved the lives of poor communities through projects identified by these communities. In this regard, 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. In addition, protection and maintenance of the environment through, the removal of invasive alien vegetation and the restoration of wetlands has been undertaken and fire-fighting services have been provided.

8.3.1.1 Analysis of achievements and challenges

As Government's flagship programme, the EPWP can lay claim to the following successes:

- i. EPWP was able to create over 4 million work opportunities in Phase II against the target of 4.5 million work opportunities which represents about 90% of the target;
- ii. 277 protocols were concluded between the Minister of Public Works and Municipalities;
- iii. 158 Municipalities have EPWP policies endorsed by the Council;
- iv. 3 successful EPWP Summits were hosted between 2010 and 2012, in which collective key deliverables for Municipalities were agreed upon;
- v. The number of Municipalities participating and reporting work opportunities under EPWP progressively increased over the period 2009/10 – 2013/14. In 2013/14, 277 out of 278 Municipalities;
- vi. Between April 2009 to March 2013, 220 770 km of roads have been maintained (Periodic and Routine maintenance) as part of the infrastructure sector. In this regard, a total of 15 607 km of roads have been constructed and/or rehabilitated through the EPWP;
- vii. More than 27,500 youth have been trained on the National Youth Service Programme in artisan trades in the built environment on projects implemented by the National and Provincial Departments of Public Works;
- viii. 263 labour-intensive contracting companies are being developed across the nine Provinces through the Vuk'uphile Contractor Development Programme. As part of this process the Department has partnered with Municipalities, Provincial Departments and Government Agencies in the implementation of the Vuk'uphile Programme;
- ix. A total of 3,486,096 hectares of land has been rehabilitated and/ cleared of invasive alien through the Working for and Landcare Programmes to date;
- x. A total of 288 wetlands were rehabilitated over the last three years;

- xi. As part of community empowerment, four (4) environmental centres have been established within communities;
- xii. 800 unemployed young people have benefitted from the Chefs Youth Training Programme;
- xiii. A further 200 unemployed youth benefited from the Western Cape and Gauteng. Learners Wine Advisory Certificate Level 1; and
- xiv. More than 6 000 Small, Medium and Micro Enterprises (SMMEs) have benefitted from programmes implemented by the sector programmes.

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

8.3.1.2 Programme strategy to be implemented

As the coordinator of the EPWP, the Department will ensure that the next phase of the EPWP is effectively planned, mainstreamed and supported to enhance the EPWP delivery capacity at all spheres of Government. There will be improved communication to ensure a positive EPWP profile, expansion of EPWP into new areas, improvement in the reporting and data integrity and, most importantly, meaningful performance evaluations of the Programme. The Department will continue to provide technical support to Municipalities, training of 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 processes and procedures and the improvement of the reporting system.

Infrastructure has been earmarked to be the biggest employment creator with more than 2 million work opportunities out of the total 6 million targeted by 2018/19. Of the 6 million work opportunities to be created during Phase III, about 55% of the EPWP participants will be women, 55% youth and 2% for people with disabilities. Significantly, the EPWP will promote increased community participation to facilitate more visibility and ownership in poor communities. It will also increase the scope of infrastructure maintenance, quality implementation and developmental impact.

8.3.1.3 Strategic objectives 3.1

Table 28: Strategic objective 3.1

Strategic objective 3.1	To co-ordinate, monitor and evaluate the implementation of EPWP Phase III that aims to create 6 million work opportunities and provide income support to the poor, lowly skilled and unemployed between 2014 - 2019.
Objective statement	<ul style="list-style-type: none"> Develop policies, strategies, norms and standards for the implementation of the EPWP Programme; Monitor and evaluate the EPWP as per the Monitoring and Evaluation Framework; Disburse incentive grants to the eligible public bodies that implement the EPWP; and Provide technical support to the implementing public bodies
Baseline	The EPWP has created 4 071 292 work opportunities in Phase II (1 April 2009 – 31 March 2014)
5 Year target	6 million work opportunities created by public bodies in the EPWP aligned to the Phase III Business Plan.
Justification	Job creation remains a central priority of Government and relevant Government Departments are expected to align their programmes with job creation imperatives. The current economic downturn 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.
Links	Through the EPWP, the Department contributes mainly to Strategic Goal 4 which is linked to Outcome 4: Decent employment through inclusive economic growth.

8.3.2 Resource considerations for Programme 3

8.3.2.1 The expenditure estimates for Programme 3: Expanded Public Works Programme are set out below:

Table 29: Expenditure estimates on Programme 3: Expanded Public Works Programme

Programmes	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Expanded Public Works Programme Monitoring and Evaluation	20 522	21 463	63 808	61 023	53 738	56 557	59 282
Expanded Public Works Programme Infrastructure	644 400	1 028 024	1 039 386	1 036 743	1 012 749	1 144 832	1 222 839
Expanded Public Works Programme Operations	377 637	529 191	727 657	746 143	810 160	996 759	1 054 449
Expanded Public Works Programme Partnership Support	120 456	125 373	100 839	107 386	108 542	119 195	125 698
Expanded Public Works Programme Public Employment Coordinating Commission	-	-	-	-	7 045	7 430	7 782
Total	1 163 015	1 704 051	1 931 690	1 951 295	1 992 234	2 324 773	2 470 050

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	216 285	244 354	270 257	269 391	276 046	296 206	311 188
Compensation of employees	91 905	100 901	108 310	133 233	144 077	156 297	164 517
Goods and services	124 287	143 453	161 947	136 158	131 969	139 909	146 671
Interest and rent on land	93	-	-	-	-	-	-
Transfers and subsidies	944 137	1 454 586	1 659 895	1 679 125	1 713 828	2 026 079	2 156 250
Provinces and municipalities	789 732	1 171 779	1 221 441	1 201 494	1 178 860	1 425 662	1 525 812
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	154 370	282 724	438 281	477 481	534 816	600 257	630 270
Households	35	83	173	150	152	160	168
Payments for capital assets	2 593	1 913	1 538	2 779	2 360	2 488	2 612
Machinery and equipment	2 593	1 913	1 538	2 779	2 360	2 488	2 612
Payments for financial assets	-	3 198	-	-	-	-	-
Total	1 163 015	1 704 051	1 931 690	1 951 295	1 992 234	2 324 773	2 470 050

8.3.2.2 Expenditure Trends Analysis

The spending focus over the medium-term will be on coordinating the implementation of the EPWP to create work opportunities and provide income support to poor and unemployed through the use of labour intensive methods. The bulk of the Programme's budget goes towards the payment of performance based incentives to eligible Provinces, Municipalities and Non-Profit Organisations to incentivise them to increase job creation efforts by shifting towards more labour intensive methods of construction.

The increase in spending between 2011/12 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 II of the programme. Over 4 million work opportunities were created during this period in line with the Business Plan for Phase II of the Programme. 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. During the 2015/16 financial year the programme aims to create 1 127 186 work opportunities (450 462 full time equivalents) through EPWP by up scaling the Programme and improving coordination and performance in all the participating sectors.

Cabinet approved budget reductions of R196 million over the medium-term and this will be allocated in the following manner : R98 million on transfers and subsidies to Municipalities for Integrated Expanded Public Works Grant for Municipalities, R50 million on transfers and subsidies to Social Expanded Public Works Programme Incentive Grant for Provinces, R24 million on transfers and subsidies to Municipalities for Integrated Expanded Public Works Grant for Provinces and R23 million on goods and services.

The Department received an additional funding of R50 million in 2015/16 on transfers and subsidies to the Non-State Sector for EPWP.

8.3.2.3 Staff establishment for Programme 3: Expanded Public Works Programme

Figure 13: The macro-organisational structure of Programme 3:

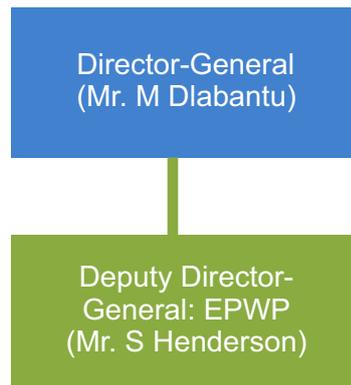


Table 30: Staff establishment for Programme 3: Expanded Public Works Programme

Staff Establishment For Programme 3: Expanded Public Works Programme					
Salary Level	Filled posts	Vacant posts	Total establishment	Current vacancy rate (%)	Additional to the establishment
01	1		1	0%	1
02			0	-	
03			0	-	
4	27	3	30	10%	
5	1	8	9	88,89%	
6	5		5	-	5
7	35	7	42	16,67%	
8	8	6	14	42,86%	
9	2		2	0%	
10	18	5	23	21,74%	
11	5		5	0%	
12	84	17	101	16,83%	1
13	24	4	28	14,29%	
14	3	1	4	25%	
15	1		1	0%	
16			0	-	
Grand Total	214	51	265	19,25%	7

Within the Branch, there are four Chief Directorates, namely, Infrastructure Sector, EPWP Operations, EPWP Partnerships and Monitoring and Evaluation which are responsible for coordinating and managing performance in the four participating sectors of the EPWP. The Branch has a total staff establishment of 265 positions with a vacancy rate of 19.25%.

8.3.3 Risk management for Programme 3

Table 31: Risk management for Programme 3: Expanded Public Works Programme

Strategic objective	To co-ordinate, monitor and evaluate the implementation of EPWP Phase III that aims to create 6 million work opportunities and provide income support to the poor, lowly skilled and unemployed between 2014 - 2019.
Risk	Ineffective implementation of the Expanded Public Works by implementing bodies
Mitigating factors	<ul style="list-style-type: none"> • Ensure there is technical support provided to public bodies implementing the EPWP; • Ensure that structures to coordinate, communicate and monitor the programme at different spheres of Government are established and operational; and • Ensure there are norms and standards set for implementation across the different sectors.

8.4 Programme 4: Property and Construction Industry Policy Regulations

8.4.1 Property and Construction Industry Policy Regulations

The purpose of Programme 4 is to promote the growth and transformation of the construction and property industries. Promote a standardised approach 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 –

- i. Promotes growth and transformation of and competition in the construction and property sectors through research and the development of policies, legislation and best practices;
- ii. Regulates the construction and property sectors and related professions;
- iii. Monitors the impact of policies and legislation giving effect to the regulation and transformation of the construction and property sectors;
- iv. Promotes skills development in construction and property sectors;
- v. Develops and promotes best practice and uniformity in the management of State immovable assets throughout their lifecycle; and
- vi. Provides proactive policy responses to Government's national objectives.

The DPW White Paper (1997), *“Public Works Towards the 21st Century and Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry”*, defined 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 (1999)* advanced the establishment of the Construction Industry Development Board, the Council for Built Environment and six Built Environments Professional Councils that regulate the construction industry. This was achieved in 2000, through various pieces of legislation which empower the Minister, through the above Public Entities, to regulate and transform the construction industry.

In reviewing and revising the 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.

8.4.1.1 Analysis and achievements and challenges

Programme 4 has made substantial progress through various interventions that have achieved the following:

- i. *“Green Building Framework”* was approved in October 2011. Various initiatives have been undertaken by the Department and its Public Entities to give effect to the *“Green Building Framework”*;
- ii. Extensive review of the built environment was conducted towards the development of Built Environment Professions (BEP) Bill;
- iii. The Draft Agrément South Africa Bill was developed and tabled in Parliament during 2014/15;
- iv. The Draft Expropriation Bill was developed and tabled in Parliament during 2014/15;
- v. Revisions to the Register of Contractors (RoC) Regulations (2008 and 2013) have been completed;

- vi. The Draft Regulations on Delayed Payments were developed and gazetted during 2014/15;
- vii. Several Best Practices were developed to improve performance and delivery within the construction sector;
- viii. The Construction and Property Transformation Charter Councils were established, to drive transformation within the sectors;
- ix. The alignment of the Contractor Development Programme to the National Contractor Development Programme has been finalised, and the effective monitoring of implementation has commenced;
- x. The development of Best Practice Guidelines for the management of State Immovable Assets in the National and Provincial spheres of Government, while giving effect to GIAMA have been finalised; and
- xi. An Immovable Asset Disposal Policy for the Department was developed and approved during May 2013.

The key challenges that have limited progress within the Construction and Property Policy Regulation Branch relate to a result of lack of Research and Policy Analysis capacity and the inadequate personnel to effectively monitor and evaluate policy implementation.

- i. Delays have been experienced in the finalization of the following legislation:
 - o **Expropriation Bill**, due to requirements for further stakeholders consultation;
 - o **Agrément South Africa Bill** and the Review of the **Built Environment Professions (BEP) legislation** due to processes attached to the development of legislation;
- ii. Ineffective transformation in both the Construction and Property industries:
 - o Due to the Charter Councils not being involved in the certification process and non-compliance by the State in ensuring sector specific BBBEE scorecards;
 - o Non-compliance by the State to ensure that sector-specific codes rather than generic BBBEE codes are specified at the point of tendering.
- iii. Inadequate monitoring and responses to industry developments and changes (e.g. skills shortages and building material supply shortages).
- iv. Revised Contractor Incubator Programme as DPW's contribution to transformation – due to capacity and financial constraints.

8.4.1.2 Programme strategy to be implemented

The Programme will prioritise the review 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 define the Department's role in a developmental State. In addition, the Department will reinforce its role in driving transformation in the construction and property sectors. There will be a review and update of the policy goals and approaches to address current events within the context of the local and global construction and property sectors.

8.4.1.3 Strategic objectives for Programme 4

Table 32: Strategic objective 4.1

Strategic objective 4.1	To regulate and transform the Construction and Property industries
Objective statement	To regulate and promote 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 1 of revised DPW White Papers developed; • Agrément South Africa Bill tabled in Parliament and taken through the Parliamentary process; • Draft amendments to legislation on Built Environment Professions submitted to Cabinet for approval to gazette for public comments; • Draft 1 of legislation for the Independent Development Trust developed; and • Revised Construction and Property Sector Codes submitted to the Department of Trade and Industry for approval in terms of BBBEE Act, 2003.
5 Year target	Public Works Act promulgated.
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 33: Strategic objective 4.2

Strategic objective 4.2	To promote sound 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, organs of State, industry specialists and academic institutions).
Baseline	New Expropriation Act tabled in Parliament and taken through the Parliamentary process.
5 Year target	New legislative and policy frameworks to govern the immovable assets under the custodianship of the Department.
Justification	This objective seeks to reinforce the Department's mandate in providing expert advice to all spheres of Government and State-owned entities on the management of immovable assets.
Links	This strategic objective contributes directly to the enhancement of immovable asset management in the public sector.

8.4.2 Resource considerations for Programme 4

8.4.2.1 The expenditure estimates for Programme 4: Property and Construction Industry Policy Regulations are set out below

Table 34: Expenditure estimates for Programme 4: Property and Construction Industry Policy Regulations

Sub programmes	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	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)
Construction Policy Development Programme	21 488	17 953	19 083	22 766	24 292	26 163	27 050
Property Policy Development Programme	12 865	8 905	13 675	10 821	11 350	12 456	13 534
Sector Research and Analysis	-	-	-	-	-	-	-
Construction Industry Development Board	65 959	67 614	72 361	77 212	65 626	62 059	89 984
Council for the Built Environment	28 659	28 146	37 959	41 572	41 994	43 413	48 568
Independent Development Trust	150 000	50 800	100 000	50 000	50 000	-	-
Construction Education and Training Authority	278	1 260	1 468	1 915	1 775	1 893	2 013
Property Management Trading Entity	5 066 817	4 749 858	3 061 643	3 317 155	3 584 652	3 790 172	4 013 347
Assistance to Organisations for the Preservation of National Memorials	12 956	15 436	17 555	22 548	23 273	24 506	25 731
Total	5 359 022	4 939 972	3 323 744	3 543 989	3 802 962	3 960 662	4 220 227

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	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	1 616 602	1 580 475	1 798 397	2 196 305	35 330	38 300	40 250
Compensation of employees	957 145	1 031 562	1 109 856	1 260 079	14 248	15 338	16 096
Goods and services	658 286	548 913	688 541	936 226	21 082	22 962	24 154
Interest and rent on land	1 171	-	-	-	-	-	-
Transfers and subsidies	2 704 108	2 623 998	927 550	866 579	3 767 520	3 922 243	4 179 853
Provinces and municipalities	1 803 230	1 798 173	2	15			
Departmental agencies and accounts	725 085	743 869	794 214	793 816	3 694 047	3 897 537	4 153 912
Foreign governments and international organisations	12 956	15 436	17 555	22 548	23 273	24 506	25 731
Public corporations and private enterprises	150 000	50 800	100 000	50 000	50 000	-	-
Non-profit institutions	9 431	9 903	10 398	-	-	-	-
Households	3 406	5 817	5 381	200	200	200	210
Payments for capital assets	1 036 287	735 499	597 797	481 105	112	119	124
Buildings and other fixed structures	1 011 408	713 003	567 365	416 065			
Machinery and equipment	24 798	22 152	30 300	64 862	112	119	124
Software and other intangible assets	81	344	132	178			
Payments for financial assets	2 025	-	-	-	-	-	-
Total	5 359 022	4 939 972	3 323 744	3 543 989	3 802 962	3 960 662	4 220 227

8.4.2.2 Expenditure Trends Analysis

The spending focus over the medium-term will be on promoting the growth and transformation of the property and construction industries.

Expenditure decreased from R5.4 billion in 2011/12 to R3.5 billion in 2014/15 at an average annual rate of negative 12.9%. Expenditure decrease was mainly due to the phasing out of the devolution of the Property Rates Fund Grant to Provinces as it has formed part of the provincial equitable share from the beginning of 2013/14, as well as under spending on the infrastructure budget between 2012/13 and 2013/4 period.

Between 2015/16 and 2017/18, expenditure on transfers and subsidies is projected to increase at an average rate of 69% in line with the operationalisation of the PMTE current payments are projected to decrease at an average of 73.6% in line with the operationalisation of PMTE.

Personnel numbers are expected to increase over the medium-term in line with the filling of the critical positions in this Programme.

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

Figure 14: The macro-organisational structure of Programme 4:

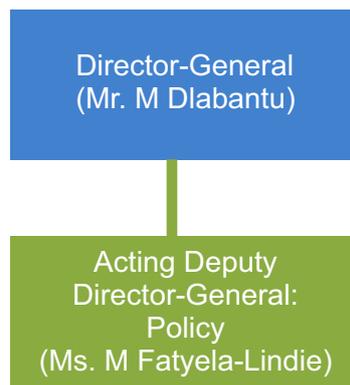


Table 35: Staff establishment for Programme 4: Property and Construction Industry Policy Regulations

Staff establishment for Programme 4: Property and Construction Industry Policy Regulations					
Salary Level	Filled posts	Vacant posts	Total establishment	Current vacancy rate (%)	Additional to the establishment
01			0	-	
02			0	-	
03			0	-	
04			0	-	
05		2	2	100%	
06			0	-	
07		1	1	100%	
08	2		2	0%	
09		1	1	100%	
10		3	3	100%	
11	4	1	5	20%	
12	2	1	3	33,33%	
13	2	1	3	33,33%	
14	2	1	3	33,33%	1
15		1	1	100%	
16			0	-	
Grand Total	12	12	24	50%	1

The Property and Construction Policy Regulations Branch has a total staff establishment of 24 positions with a vacancy rate of 50%. 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. The Branch will continue working with the Charter Councils, DPW's Public Entities and stakeholders to drive transformation in these sectors. As part of the structural review, the research capacity of the Property and Construction Policy Regulations Branch will be strengthened to ensure that it becomes a research centre of expertise for property and construction.

8.4.3 Risk management for Programme 4

Table 36: Risk management for Programme 4: Property and Construction Industry Policy Regulations

Strategic objective	To regulate and transform the Construction and Property industries
Risk	Low levels of transformation in construction and property sectors.
Mitigating factors	<p>Property Industry:</p> <ul style="list-style-type: none"> Review DPW's Property Management BEE Strategy. Develop a Regulatory Impact Assessment (RIA) on legislation to transform the Property industry. <p>Construction Industry:</p> <ul style="list-style-type: none"> Amend and develop cidb Regulations Bi annual reports to assess implementation of contractor development.

8.5. Programme 5: Prestige Policy

8.5.1 Prestige Policy

The purpose of Programme 5 is to provide norms and standards for the prestige accommodation portfolio and meet the protocol responsibilities for State functions.

Prestige clients comprise of the President, Deputy President, Former President and Former Deputy President (referred to as Category I (a) and (b) clients), Members of the Executive, Presiding Officers, Chairperson and Deputy Chairperson of the house of Traditional Leaders, Chief Justice and Deputy Chief Justice, eminent persons declared by the President (referred to as Category II clients), Members of Parliament, Directors-General and Sessional Officials (referred to as Category III clients).

The Prestige Policy Programme is responsible for the development of policy, norms and standards for strategic institutions used by Prestige clients which includes the National Parliament and the Union Buildings as well as the development of policy and norms and standards for the provision of accommodation for Prestige clients. The Programme is also responsible for the provision and maintenance of movable assets (office and residential) and movable structures for State events.

8.5.1.1 Analysis of achievements and challenges

Programme 5 is a relatively new Programme, has made some significant achievements, as is outlined below:

- i. The State event provisions for the Presidency including the 2014 Inauguration of the State President, National Orders Awards, the unveiling of the Former President Mandela's Statue amongst others;
- ii. Development of the norms and standards for the provision of accommodation for Category I and II clients;
- iii. Policy on the Implementation of security measures in the private residences of the President, Deputy President, Former President and Former Deputy President, and Members of the Executive; and
- iv. Policy on the Allocation and Occupation of State Owned Property.

There has, however, been a lack of Regulatory Frameworks in Prestige for the past five years resulting in multi functions and responsibilities. There has also been no proper structure, no business processes nor Standard Operating Procedures for management of State events.

8.5.1.2 Programme strategy to be implemented:

- i. Properly define the mandate and scope of the Prestige Property Management function. Such mandate and scope should include the policy, norms and standards development for provision of accommodation for Members of Executive Council, Premiers, Kings, Queens, Traditional Leaders and other distinct groups where the State is responsible for the provision of accommodation;
- ii. The development of policy, norms and standard for Category III Prestige clients;
- iii. The development and signing of the Service Level Agreements with strategic institutions like Parliament and Presidency;
- iv. Creating capacity to ensure monitoring and compliance to policies, norms and standards through education and awareness;

- v. The provision of movable assets to Prestige clients within 60 days of receipt of requests; and
- vi. The provision of movable structures for State functions.

8.5.1.3 Strategic objectives for Programme 5

Table 37: Strategic objective 5.1

Strategic objective 5.1	To develop, monitor and improve Prestige Policy Frameworks annually.
Objective statement	<ul style="list-style-type: none"> • Conduct research to benchmark prestige accommodation against best practices; • Develop Prestige policies consistent with Legal Frameworks; • Develop prestige norms and standards consistent with Legal Frameworks; • Conduct annual assessments on the implementation of Prestige Policy Frameworks to determine areas of improvement.
Baseline	<ul style="list-style-type: none"> • Approval of norms and standards for the provision of accommodation to Prestige clients (category I and II); • Approval of the Policy on the Allocation and Occupation of State -owned properties; • Approval of the Policy on the Implementation of Security Measures in the private residence of the President, Deputy President, Former President and Former Deputy President and Members of the Executive;
5 Year target	7 Policy Frameworks approved for Prestige Movable assets (office and residential) provided to Prestige clients within 60 days of receipt of request
Justification	To ensure accountability, transparency and efficient use of State resources in the provision of Prestige accommodation in accordance with the approved Regulatory Frameworks.
Links	Sound Policy and Legislative Framework to accelerate service delivery.

Table 38: Strategic objective 5.2

Strategic objective 5.2	To provide movable assets (office and residential) and structures (State functions) to Prestige clients.
Objective statement	<ul style="list-style-type: none"> • Provision and maintenance of residential and office movable assets for Prestige clients in line with Prestige Movable Assets Policy; and • Provision of movable structures services for State functions as per agreed timeframes
Baseline	<ul style="list-style-type: none"> • Movable assets provided within 110 working days for prestige clients • Infrastructure provided for 13 State events for the Presidency.
5 Year target	Movable assets (office and residential) provided to Prestige clients within 60 days of receipt of request
Justification	The Department is required to provide movable and immovable assets to Prestige clients in accordance with the Ministerial Handbook. These assets must be provided in the correct quantities, at the required time and within the allocated budget.
Links	To ensure sound legislative and policy frameworks in the delivery of moveable assets and structures to Prestige clients

8.5.2 Resource considerations for Programme 5

8.5.2.1 The expenditure estimates for Programme 5: Prestige Policy are set out below:

Table 39: Expenditure estimates for Programme 5: Prestige Policy

Sub programmes	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	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)
Prestige Accommodation and State functions	79 250	71 245	113 459	117 343	83 582	87 897	94 716
Parliamentary Villages Management Board	7 401	7 771	8 198	8 690	9 090	9 572	10 051
Total	86 651	79 016	121 657	126 033	92 672	97 469	104 767

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	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	67 972	69 132	103 802	96 872	70 721	77 323	81 713
Compensation of employees	21 124	23 109	20 822	21 863	22 055	26 528	27 808
Goods and services	46 760	46 023	82 980	75 009	48 666	50 795	53 905
Interest and rent on land	88	-	-	-	-	-	-
Transfers and subsidies	7 410	7 781	8 253	8 690	9 090	9 572	10 051
Departmental agencies and accounts	7 401	7 771	8 198	8 690	9 090	9 572	10 051
Households	9	10	55	-	-	-	-
Payments for capital assets	11 269	2 103	9 602	20 471	12 861	10 574	13 003
Machinery and equipment	11 269	2 103	9 602	20 471	12 861	10 574	13 003
Payments for financial assets	-	-	-	-	-	-	-
Total	86 651	79 016	121 657	126 033	92 672	97 469	104 767

8.5.2.2 Expenditure Trends Analysis

The spending focus over the medium-term will be on the development of norms and standard for Prestige accommodation and to meet the protocol responsibilities for the State functions.

The Programme aims at providing logistical arrangements for 45 State functions over the MTEF, providing movable assets to Prestige clients within 60 days, formulating monitoring and review policies, as well as providing norms and standards for the provision of Prestige accommodation.

Personnel numbers are expected to increase over the medium-term in line with the filling of the critical positions in this Programme.

8.5.2.3 Staff establishment for Programme 5: Prestige Policy

Figure 15: The macro-organisational structure of Programme 5:



Table 40: Staff establishment for Programme 5: Prestige Policy

Staff establishment for Programme 5: Prestige Policy					
Salary Level	Filled posts	Vacant posts	Total establishment	Current vacancy rate (%)	Additional to the establishment
01					
02					
03					
04					
05	1		1	0%	
06	1		1	0%	
07	5	5	10	50%	
08	6	4	10	40%	
09	3		3	0%	
10	7		7	0%	1
11	1		1	0%	1
12	5		5	0%	
13	1	1	2	50%	
14	1		1	0%	
15					
16					
Grand Total	31	10	41	24%	0

The Prestige function has been centralised to the Office of the Director-General to ensure it receives the required focus. The staff establishment for the facilities management function will also be included in the programme going forward. The programme has an approved establishment of 41 positions, of which 31 are filled.

8.5.3 Risk management for Programme 5

Table 41: Risk management for Programme 5: Prestige Policy

Strategic objective	To develop, monitor and improve prestige policy frameworks annually.
Risk	Non-adherence to Prestige Regulatory frameworks by Prestige clients
Mitigating factors	<ul style="list-style-type: none"> • Develop norms and standards for Prestige clients • Appointment of a Client Relations Officer by the Prestige client • Create a panel of service providers with fixed prices.

PART C: Links to other Plans



9. Links to long-term infrastructure plan

As from the 2015/16 financial year, the infrastructure plan will be reflected under the Strategic Plan of the Property Management Trading Entity (PMTE), which assumes the implementation functions of planning, acquiring, managing and disposing of immovable assets under the custody of the Department of Public Works. The infrastructure budget will be transferred to the PMTE and the Department will be sharing its office accommodation with the PMTE.



10. Service Delivery Improvement Plan (SDIP)

In line with Chapter 1, Part 111 C of the Public Service Regulations, 1999 (as amended), the Department has developed its Service Delivery Improvement Plan (SDIP) which enables the Executing Authority to institute and support service delivery within the context of a comprehensive improvement programme. The focus of the SDIP is to promote efficient and effective service delivery based on the Batho Pele principles and seeks to achieve the following objectives:

- i. Identifies the services provided to its user-departments and stakeholders while improving service delivery;
- ii. Provides details of the strategies to remove barriers to access to services and meet user-department needs within improved response times;
- iii. Indicates the high standards that will be maintained for services to be delivered;
- iv. Outlines the Department's commitment to improve efficiencies; and
- v. Increase outputs and eliminate waste and related costs.

Accordingly, the SDIP lays out a detailed plan with targets to be achieved to improve the Department's performance going forward. These areas include the following:

- i. Provisioning of accommodation through construction (aligned to the IDIP);
- ii. Provisioning of accommodation through private leases (aligned to IDIP); and
- iii. Customer relationship management.

The SDIP, which has been widely consulted on with all relevant stakeholders, covers a 3-year period in line with the medium-term planning cycle. With the operationalisation of the PMTE, the activities within the SDIP will be implemented by the PMTE as from the 2015/16 for the remainder of the cycle. During this period, a detailed process of monitoring and evaluating the implementation of the plan will be undertaken, including the process of evaluating the impact thereof. The Department will undertake a separate process of identifying a key services remaining with the Department that will form part of a revised three year SDIP. The DPW SDIP will then be approved by the Executive Authority for implementation on the 2016/17 financial year.

Table 42: Service Delivery Improvement Programme (2014/15 to 2016/17)

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
User Departments	Active management of client relations (Consultation, Access, Courtesy, Openness & Transparency, Information, Redress and Value for Money) - (DP1: Portfolio Management, DP1-1: Infrastructure Planning, UAMP, Gate 1(a))	<ul style="list-style-type: none"> Develop Key Account Managers: Client target ratio²⁸ Capacitate Key Accounts Management Develop and implement a CRM approach and system Train resources in KAM and CRM Agree minimum thresholds for number of client meetings Develop and implement client service survey/questionnaire²⁹ 	Client relationship management Clear and shared expectations. Accessible DPW resources for issue resolution. Potential issues pre-emptively addressed. Improved client satisfaction.	Key Account Managers: user department ratio	1:15	1:1 (Big user departments) 1:6 Other user departments	1:1 (Big user departments) 1:6 Other user departments	1:1 (Big user departments) 1:6 Other user departments
				Number of customer relationship management meetings per user department	2 per annum	2 per user department	2 per user department	2 per user department
				Client survey index (New indicator)	Information towards the development of the survey index researched and collated.	Minimum rating of 3 out of 5	Minimum rating of 4 out of 5	

²⁸ Key Account Managers (KAMs) are presently under-capacity. A target ratio has been developed that takes account of client size and complexity and allocates sufficient resources to each to enable satisfactory relationships. Different targets apply to six big user departments and 46 in "other".

²⁹ A client service survey goes beyond formal SLA compliance and measures client perceptions of consultation, access, courtesy, openness and transparency, information provision, information accuracy, redress and value for money.

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
User Departments	Reduction of leasing backlog ³⁰ (Quantity and Quality) - DP1: Portfolio Management, DP1-1: Infrastructure Planning, U AMP, Gate 1(a) ³¹	<ul style="list-style-type: none"> Clarify lease management policy Develop three stratified lease agreements Institute effective procurement planning Re-engineer business processes Sign SLAs with all lessees Capacitate leasing/up-skill personnel Proactively analyse lease portfolio to avoid backlog 	<p>Reduced levels of inconvenience, embarrassment and reputational damage.</p> <p>Adequate warning of impending issues.</p> <p>Reduction of irregular expenditure on leases.</p>	<p>Number of expired leases³²</p> <p>Number of lock outs</p> <p>% signed SLAs</p> <p>Ratio of leasing resources to leases</p>	1,303 (New indicator) 52% signed SLAs 1:38 ³³	0 expired leases 0 lock outs 80% signed SLAs 1:25	0 expired leases 0 lock outs 90% signed SLAs 1:15	0 expired leases 0 lock outs 100% signed SLAs 1:10
	Build sustainable and predictable leasing solutions (Quality) - (DP1: Portfolio Management, DP1-1: Infrastructure Planning, U AMP, Gate 1(a)) ³¹	<ul style="list-style-type: none"> Develop lease strategy Develop lease review prioritization process (need/value/size) Re-engineer leasing processes 	<p>Enhanced interaction with the DPW as a reliable, predictable and professional leasing partner.</p> <p>Lease budget compliance.³⁵</p>	<p>SLA compliance³⁴</p> <p>Budget compliance³⁵</p>	(New indicator) (New indicator)	100% SLA compliance 100% SLA compliance	100% SLA compliance 100% Budget compliance	100% SLA compliance 100% Budget compliance

³⁰ The DPW presently manages 2,771 private leases for client departments. Private leases are defined as leases contracted for properties not owned by the State. Backlog leases are those which are about to expire or have already expired and require renewal, extension or termination. In practice it is virtually impossible to have a zero backlog as leases are entered into at different times with different terms and anniversary dates. The intention is to focus on reducing expired leases as these result in significant inconvenience to clients potentially culminating in lock outs. This reflected in the KPI.

³¹ As noted, this scope is presently limited to private leases. Scope will be expanded to include residential and other non office leases from 2014/15 onwards.

³² This KPI relates specifically to leases that are not to be terminated.

³³ Based on 72 staff and 2,771 leases as at October 2013.

³⁴ SLA compliance measures the mechanics of service delivery, specifying service levels, lead times required for service, etc.

³⁵ While availability of approved budget remains the client's responsibility, budget compliance in terms of disbursements made according to plan is a key indicator for the DPW Leases Branch.

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
User Departments	Deliver demonstrable Value for Money to clients - (DP1: Portfolio Management, DP1-1: Infrastructure Planning, U - AMP, Gate 1(a))	<ul style="list-style-type: none"> Establish market related rates for property categories by region Adjust DPW rates Move towards market price leadership 	Improved client confidence in the DPW delivery of value for money.	DPW rates indexed to market variance %	(New indicator)	<15% (+/-)	<10% (+/-)	<5% (+/-)

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
Acquisition of new accommodation through construction								
National Government Departments 1. SAPS 2. DoD 3. Justice 4. Correctional Services 5. Arts & Culture 6. Home Affairs 7. Public Works 8. Labour 9. Agriculture, Forestry and Fisheries	Improved planning (as a key driver for measuring delivery performance in relation to the provision of accommodation through construction)	<ul style="list-style-type: none"> The adoption of IDMS as a primary system for managing delivery Provisioning of training on the IDMS Re-engineering of business processes Provisioning of support to user Departments in formulating their U-AMPS Compilation of the C-AMP 	Clear and shared expectations	Number of user departments who have approved IPIPs	CWIP and PMIP	11 User departments with IPIPs (DoA, DAC, DCS, DoD, DoH, DHET, DHA, DoJ&CD, DoL, DRDLR, SAPS)	11 User departments with IPIPs	11 User departments with IPIPs

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
10. Rural Development and Land Reform 11. Health 12. Higher Education	Quantity and Quality • (DP1: Portfolio Management, DP1-1: Infrastructure Planning, DP1-1: C - AMP, Gate 1(b), DP1 -2: Programme Management, CPS - Gate 2 and IPMP) • DP2: Project Management, DP2-1: Implementation Planning, PEPv1, Gate 3, PEPv2, Gate 4, IPIP)	<ul style="list-style-type: none"> • Effective project planning • Improved procurement planning • Management of SCM dependencies/ improvement in procurement processes • Effective construction management • Establishment of institutional structures to drive delivery (Acquisition Committee and PMOs) • Roll out of the IDMS • Investigate the need for establishing user department specific programme management offices 	<p>Shared understanding of the needs of the clients and how projects will be delivered</p> <p>Improved delivery of construction projects (within time, cost and quality requirements)</p> <p>Improved client satisfaction and perception of value for money</p>	<p>Number of planned projects completed (Works Completion Report – PEP 7)³⁶</p> <p>% of new projects completed within stipulated timeframes, cost and quality</p> <p>% of current projects with approved project scopes (Backlog)</p> <p>Number of Programme Management Offices established for all executing units</p>	<p>300 projects completed</p> <p>(New indicator)</p> <p>(New indicator)</p> <p>(New indicator)</p> <p>(New indicator)</p>	<p>440 projects completed</p> <p>Establish baseline</p> <p>50 % of current projects with approved project scopes</p> <p>11 Project Management Offices established</p>	<p>305 projects completed</p> <p>100% of projects based on the completed IPIPs³⁷</p> <p>100% current projects with approved project scopes</p> <p>Not applicable³⁹</p>	<p>167 projects completed</p> <p>100% of projects based on the completed IPIPs³⁸</p> <p>100% current projects with approved project scopes</p> <p>Not applicable</p>

³⁶Dependent on effective procurement; Qualified suppliers; Improved planning

³⁷Projects for one of six of the big user departments (DoD) and one of the remaining user departments should at least be in line with time frames and cost

³⁸Projects for two of the remaining five big user departments and three of the small user departments should at least be in line with time frames and cost

³⁹The DPW will explore the need to establish user department specific Programme Management Offices

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
	Value for Money - DP2: Project Management, DP2-1: Implementation Planning, PEPv1, Gate 3, PEPv2, Gate 4, IPIP)	<ul style="list-style-type: none"> • Effective project planning • Improved procurement planning • Improvement in procurement processes • Effective construction management 	Improved delivery of construction projects within cost	% budget variance on completed projects	(New indicator)	<15%	<15%	<15%
	Human Resources - DP2: Project Management, DP2-1: Implementation Planning, PEPv1, Gate 3, PEPv2, Gate 4, IPIP)	<ul style="list-style-type: none"> • Staffing of organisational structure with appropriately qualified personnel • Up-skilling and mentoring of existing staff 	Improved delivery of construction projects (within time, cost and quality requirements)	Number of project managers registered with the South African Council for Project and Construction Management Professions (SACPCMP) ⁴⁰	(New indicator)	0 ⁴¹	10	15
				Ratio of project managers to projects ⁴²	1:20 (plus)	1:10	1:10	1:10

⁴⁰Dependent on the approval of a fast track process for certifying the project managers.

⁴¹The fast track process will take no less than one year, delivery will commence in year two.

⁴²Dependent on the approval of a fast track process for certifying the project managers.

11. Strategic Risk Plan for the Department of Public Works

The Risk Management processes within the Department are guided by the Risk Management Policy and Risk Management Strategy which are intended to provide a systematic approach and create an environment that allows for risk taking while ensuring that public interest and investment are protected.

The Department integrates Risk Management principles and practices in its strategic and operational decision making. This assists the Department in minimizing the negative impacts of events resulting from uncertainty, while maximizing opportunities to improve on service delivery. The aim is to reinforce a risk based, informed and ethical decision - making culture.

The Department faced a number of external and internal risks in the 2014/15 financial year. The dominant external risks emanated from the growing operational demands associated with national priorities such as National Infrastructure Plan while the internal risks impeding service delivery was due to insufficient technical capacity and the inability to conduct comprehensive life cycle asset management.

For the Department to effectively deliver on its strategic objectives, attention and resources are focused on the areas of most significant risk and concern to its stakeholders. To ensure effective Risk Management processes in the Department, the management of risks are embedded into the control processes of the Department and annual risk assessment and risk monitoring are conducted to highlight priority risk areas requiring attention.

The Risk Management unit facilitates the process of identifying both strategic risk and detailed operational risk assessments with the aim to:

- i. Provide management with a basis for executing a formal and structured system of risk management within the Department, as mandated by the Public Finance Management Act, 1999 (Act No. 1 of 1999) and as recommended by the King III Report on corporate governance,
- ii. Assist the internal audit process in reviewing its strategic and operational risk-based audit plans as required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations.

Table 43: Strategic Risk Register for the Department of Public Works

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
1.	Fraud and Corruption arising from failure to comply with legislative prescripts	<ul style="list-style-type: none"> Non – compliance to the SCM prescripts Ineffective management of contracts 	<p>Irregular expenditure</p> <p>Litigation against the Department</p> <p>Compromised service delivery</p>	H	<p>Checklists in place to verify compliance to the SCM processes</p> <p>Compliance unit in place to validate the SCM processes prior to award</p> <p>Updated SCM policy and delegations in place</p>	H	<p>Monitoring and enforcing compliance to internal controls through consequence management.</p> <p>Development of a Contract Management Framework</p>	<p>Chief Financial Officer</p>	<p>31/03/2016</p> <p>31/03/2016</p>
2.	Inability to implement the proposed structure	<ul style="list-style-type: none"> Long consultation processes followed Insufficient funding from National Treasury 	<p>Poor service delivery (Inability to deliver services)</p>	H	<p>DPSA directives in place</p> <p>National Treasury directives in place</p> <p>Migration plan in place</p>	H	<p>Approval of the draft organizational structure</p>	<p>DDG: Corporate Services</p>	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
3.	Insufficient technical capacity to support PMTE	<ul style="list-style-type: none"> Limited pool of professionals to support the Department Insufficient funding to fill critical vacancies Inability to attract and retain professional skills (market related salaries, stringent OSD requirements) 	Inability to deliver on the core business	H	Utilization of specialised skills within the Business Improvement Unit (BIU) Approved HR plan Skills development programmes in place Utilisation of the DPSA Framework on Retention	H	Implementation of the approved HR plan Filling of critical vacant posts Enhancement of the skills development programme	DDG: Corporate Services	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
4.	Lack of integrated business systems	<ul style="list-style-type: none"> Lack of integrated Business system for property management 	Inability to automate business processes end to end	H	Implementation of a Property management system integrated to a new financial management system	H	Implementation of the following modules of the Property management system: Asset register and lease management module	DDG: Corporate Services	31/03/2016
5.	Loss of State funds due to breach of contracts by non performing contractors	<ul style="list-style-type: none"> Lack of authority to put contractors on Mora and not dismiss them Project Managers do not have authority to dismiss poor performing contractors 	Loss of State funds due to breach of contracts by non performing contractors	H	<p>Mora letters issued by Project Managers</p> <p>Directive in place to mention this (SCM to provide)</p> <p>Blacklisting of service providers</p>	H	<p>Enforcement of delegation of authority to dismiss non performing contractors</p> <p>Develop proper documented performance process</p>	<p>Director-General</p> <p>Chief Financial Officer</p>	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
6.	Uncertainty of Business Continuity resulting from change	<ul style="list-style-type: none"> • Introduction of new ERP system • Inadequate planning in implementing the change to the Department • High level of uncertainty from the employees with no structured change management programme 	<p>Demotivated employees</p> <p>Introduction of change in accounting and IT supporting system within PMTE</p>	H	Change Management	H	Effective Change Management Office Development of the White Paper	DDG: Corporate Services DDG: Policy	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
7.	Exposure to fraud and corruption	<ul style="list-style-type: none"> • Non adherence to internal controls • Collusion in the perpetration of fraud and corruption • Non conducive internal control systems (people, processes and systems) • Lack of culture in embedding fraud and awareness in the Department 	<p>Reputational damage</p> <p>Low levels of esteem by the public toward the Department</p> <p>High prevalence of fraud and corruption incidents</p>	H	<ul style="list-style-type: none"> • Operationalization of GRC Branch • Anti-Fraud and Corruption Policy and Strategy in place • Usage of the Whistle blowing Policy 	H	<ul style="list-style-type: none"> • Implementation of the Fraud Prevention Plan • Revise SCM Infrastructure project Framework • Implementation of the Infrastructure Delivery Management System • Operationalization of Governance and Ethic Committee (GNE) 	<p>All DDG's</p> <p>All DDG's</p> <p>DDG: Projects</p> <p>DDG: Governance, Risk and Compliance</p>	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
8.	Failure to deliver quality services	<ul style="list-style-type: none"> • Absence of the Service Delivery Model and Branch Business Operating Models • Undocumented operating procedures • Inappropriate resource management In-optimal service delivery arrangements • Demotivated staff 	Poor quality of service delivery resulting in dissatisfied clients	H	Macro Service Delivery Model Informal Operating Procedures and Processes	H	Development of the Service Delivery Improvement Framework for one service line each year	DDG: Governance, Risk and Compliance	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
9.	Ineffective implementation of the Expanded Public Works by implementing bodies	<ul style="list-style-type: none"> Lack of capacity and understanding of the Expanded Public Works at implementation level 	<p>Failure to implement EPWP projects</p> <p>Poor and under-reporting on EPWP deliverables</p>	H	<p>Provision of technical support to public bodies to assist in proper planning on project implementation</p> <p>Establishment of institutional arrangements to coordinate, communicate and monitor the programme for different spheres of Government.</p> <p>Training on EPWP labour intensive guidelines provided</p>	H	<p>Ensure there is technical support provided to public bodies implementing the EPWP</p> <p>Ensure that structures to coordinate, communicate and monitor the programme at different spheres of Government are established and operational</p> <p>Ensure there are norms and standards set for implementation across the different sectors</p>	DDG: Expanded Public Works Programme	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
10.	Low levels of transformation in the Construction and Property Industries	<p>Property Industry:</p> <ul style="list-style-type: none"> Inadequate regulatory environment to transform the property industry. <p>Construction Industry:</p> <ul style="list-style-type: none"> Barriers in the progression of small and emerging contractors. 	Continued low levels of transformation in the Property industry.	H	<p>DPW's Property Management Strategy on BEE, Job Creation and Poverty Alleviation (2007)</p> <ul style="list-style-type: none"> cidb Regulations National Contractor Development Programme 	H	<p>Review DPW's Property Management BEE Strategy.</p> <p>Develop a Regulatory Impact Assessment (RIA) on legislation to transform the Property industry.</p> <p>Amend and develop cidb Regulations</p> <p>Bi annual reports to assess implementation of contractor development.</p>	DDG: Policy	31/03/2016

No.	Risk Description	Root Cause / Contributing factor	Consequences	IR	Current Controls	RR	Action Plans	Responsibility	Target (Completion) Date
11.	Non adherence to Prestige Regulatory frameworks by Prestige clients	<ul style="list-style-type: none"> Lack of adherence to Ministerial Handbook Absence of contact person in Ministry Impromptu requests that are not on the Procurement Plan Changing of scope or specification for State events 	<p>Irregular, wasteful and fruitless expenditure</p> <p>Loss of State assets</p> <p>Inflation of prices</p> <p>Potential Fraud and Corruption</p>	H	<ul style="list-style-type: none"> Ministerial Handbook in place Approved submissions by Director-General 	H	<ul style="list-style-type: none"> Develop norms and standards for Prestige clients Appointment of Client Relations Officer by the Prestige client Create panel of service providers with fixed prices 	Prestige National Coordinator	31/03/2016

12. Conditional Grants

Table 44: 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 Integrated Grant Manual.
Performance indicator	<ul style="list-style-type: none"> • Number of work opportunities reported per annum. • Number of Full Time Equivalents (FTEs) per annum. • Percentage of grant disbursed per annum.
Continuation	Over the MTEF
Motivation	<ul style="list-style-type: none"> • Improvements to the quality of life of unemployed people through employment creation and increased income from the EPWP; • Contribution towards job creation; • Improved social stability through mobilising the unemployed into productive work.

Table 45: 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 Integrated Grant Manual.
Performance indicator	<ul style="list-style-type: none"> • Number of work opportunities reported per annum. • Number of Full Time Equivalents (FTEs) per annum. • Percentage of grant disbursed per annum.
Continuation	Over the MTEF
Motivation	<ul style="list-style-type: none"> • Improvements to the quality of life of unemployed people through employment creation and increased income from the EPWP; • Contribution towards job creation; • Improved social cohesion and stability through mobilising the unemployed into productive work.

Table 46: EPWP Conditional grants: Social Sector EPWP Grant to Provinces

Name of grant	Social Sector EPWP Grant to Provinces
Purpose	<ul style="list-style-type: none"> To incentivise provincial Social Sector departments identified in the 2014 Social Sector EPWP Log-frame to increase job creation by focusing on the strengthening and expansion of social service programmes that have employment potential 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.
Performance indicator	<ul style="list-style-type: none"> Number of work opportunities reported per annum; Number of Full Time Equivalentents (FTEs) per annum; Number of beneficiaries receiving services; Number of NPOs/IAs supported; Percentage of grant disbursed per annum.
Continuation	Over the MTEF
Motivation	<ul style="list-style-type: none"> Improved service delivery to communities by expanding the reach and quality of social services; Improved quality of life of unemployed people through employment creation and increased income from the EPWP; Contribution towards job creation; Improved social cohesion and stability through mobilising the unemployed into productive work; Strengthened NPOs and IAs to deliver EPWP work opportunities.

Table 47: 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	<ul style="list-style-type: none"> Number of work opportunities reported per annum; Number of Full Time Equivalentents (FTEs) reported per annum; Number of NPOs contracted; Percentage of grant disbursed per annum.
Continuation	Over the MTEF
Motivation	<ul style="list-style-type: none"> The wage subsidy assists Non-Profit Organisations (NPOs) to contribute to the job creation agenda of South Africa; Improvements to the quality of life of unemployed people through employment creation and increased income from the EPWP; Improved social cohesion and stability through mobilising the unemployed into productive work.

13. Public Entities

Table 48: Public Entities reporting to the Department of Public Works

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
<p>Property Management Trading Entity (PMTE)</p>	<p>To act as a property management agency for the State by delivering suitable accommodation that meet user department's needs in a cost effective and efficient manner thereby supporting users' to deliver essential services to the country.</p>	<ol style="list-style-type: none"> 1. To provide custodianship of the State's assets that falls within Public Works. 2. To provide professional property and facilities management services to effectively meet clients' accommodation needs and to optimise utilisation of State assets. 3. To provide professional support in the identification of development opportunities for both urban and rural areas, supporting integrated development including small towns and rural areas. 4. To ensure the investment decisions on the acquisition, disposal and utilisation of State immovable assets are based on robust data and provide the optimum return on investment. 5. To contribute towards Government's broader transformation, empowerment and economic development goals through meaningful engagement with small business and other relevant stakeholders. 6. To base investment decisions on the developmental agenda and objectives of the State as well as the needs of specific clients. 7. To create work opportunities in the execution of its services. 8. To build and maintain the PMTE as an effective and efficient client centric organisation. 	<p>R14 713 673 (DPW transfer: R3 584 652 & other revenue R11 129 012)</p>	<p>Performance evaluation done quarterly.</p>

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
Council for the Built Environment (CBE)	<p>Programme 1: Government Policies and Priorities Programme</p> <p>Strategic objectives: Built environment (BE) academic curricula and CPD programmes, that embodies health and safety in construction, environmental sustainability and job creation through labour intensive construction as well as infrastructure delivery management system (IDMS)</p> <p>This programme is responding to the following mandate of the CBE:</p> <ul style="list-style-type: none"> • Section 3 (c) promote ongoing human resource development in the built environment. • Section 3 (d) facilitates participation by the built environment professions in integrated development in the context of national goals. • Section 3 (e) promote appropriate standards of health, safety and environmental protection within the built environment. • Section 4 (a) advise government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary 	<p>Outputs</p> <ol style="list-style-type: none"> 1. Annual report on modalities to incorporate health & safety in Built Environment academic curricula by key stakeholders, viz. Council for Higher Education, (CHE); Built Environment Professional Councils (BEPCs) and CBE; by 31 March 2016. 2. Annual report on modalities to incorporate environmental sustainability in the Built Environment academic curricula by key stakeholders, viz. (CHE, BEPCs and CBE) by 31 March 2016. 3. Annual report on modalities to incorporate labour intensive construction in the Built Environment academic curricula by key stakeholders, viz. (CHE, BEPCs and CBE) in BE curricula, by 31 March 2016. 4. Annual report on modalities to incorporate Infrastructure Delivery Management System (IDMS) by key stakeholders, viz. (CHE, BEPCs and CBE), in BE curricula, by 31 March 2016. 5. Fully developed SAQA accredited, CPD skills programme on IDMS that is CPD points bearing 31 March 2016. 	R43 947 (DPW transfer: R41 994 & other revenue R1 953)	Performance evaluation done quarterly
	<p>Programme 2: Skills for Infrastructure Delivery (Skills Development in the Built Environment)</p> <p>Strategic objective: Drive and facilitate skills development and transformation within the Built Environment.</p>	<ol style="list-style-type: none"> 1. Business case developed, for the production and development of Built Environment (BE) Professionals identified for Strategic Infrastructure Projects (SIPs) high demand and scarce skills (Engineers, Quantity Surveyors, Construction & Project Managers, Landscape Architects, Town Planners, Land 		

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
	<p>This programme is responding to the following mandate of the CBE:</p> <ul style="list-style-type: none"> Section 3 (c) promote ongoing human resource development in the built environment. 	<ol style="list-style-type: none"> & Engineering Surveyors and GISs) by 31 March 2016. 150 Grade 10 -12 learners benefitting from Maths and Science mobile laboratories by 31 March 2016. Annual report on implementation of workplace training model for 50 candidates undergoing workplace training by 31 March 2016. Annual report on implementation of workplace training model for 50 interns undergoing workplace training by 31 March 2016. One oversight report on accredited BE academic programmes by 31 March 2016. 		
	<p>Programme 3: BE Research, Information and Advisory (formerly Research and Information in the Built Environment)</p> <p>Strategic Objective 3: To provide informed and researched advice to government on BE priority matters identified in the MTSF</p> <p>This programme is responding to the following mandate of the CBE:</p> <ul style="list-style-type: none"> Section 3 (d) facilitates participation by the built environment professions in integrated development in the context of national goals. Section 3 (e) promote appropriate standards of health, safety and environmental protection within the built environment. Section 4 (a) advise Government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic 	<ol style="list-style-type: none"> Research report on currently existing BE industry initiatives on Maths and Science support interventions, in all the schools, by 31 March 2016. Research report on the profile of BE technical professionals employed in national and provincial departments and SOEs by 31 March 2016. First phase research report on the viability of government infrastructure agency by 31 March 2016. Stakeholder consultations (COGTA, MISA and SALGA) to formulate recommendations on technical capacitation of municipalities research (to be completed 31 March 2014) by 31 March 2016. 		

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
	<p>development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary</p> <p>Programme 4: Regulation and Oversight of six BEPCs (formerly Public Interest)</p> <p>Strategic Objective: To act an appeal body on matters of law regulating the built environment professions and to promote and ensure high standards of professional ethics and conduct within the built environment.</p> <p>This programme is responding to the following mandate of the CBE:</p> <ul style="list-style-type: none"> Section 20 and 21 of the CBE Act 43 of 2000. 	<p>5. Review of the DPSA's Occupational Specific Dispensation (OSD) Framework to attract and retain BE technical capacity in the public sector by 31 March 2016.</p> <p>6. One pilot project on the research and information hub for the BE issues by 31 March 2016.</p> <p>Annual report on 100% finalisation of appeals within statutory 60 days by 30 March 2016.</p> <ol style="list-style-type: none"> Report on assessment of built environment professional councils (BEPCs) compliance with governance principles as per Corporate Governance Framework by 31 March 2016. Implementation report on identification of work by 31 March 2016. Translation of BE policies into rules by BEPCs and monitoring compliance thereof by 31 March 2016 Support of the development of a PFMA compliance roadmap by all six BEPCs by 31 March 2016. Report on the completion of the alignment of the Strategic Plan, Annual Performance Plan and Annual Reports of the six BEPCs to those of the CBE and DPW by 31 March 2016. Formulation and implementation of a monitoring and oversight framework for the 6 BEPCs by 31 March 2016. 		

Name of Public Entity	Mandate	Outputs	2015/16 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>Promote sustainable growth of the construction industry and the participation of the emerging sector in the industry;</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. NCDP Monitoring and Evaluation (M&E). 5. Facilitating National Contractor Development Forum chaired by DPW. 6. NCDP capacitation of municipalities and Contractor Development Programme rollout via South African Local Government Association (SALGA) and Cooperative Governance and Traditional Affairs (COGTA) processes reports. 7. Procurement focus support workshop. 8. Establishment of Provincial Contractor Development (PCD) Forums. <ol style="list-style-type: none"> 1. cidb Best Practice Project Assessment Scheme; roll-out and implementation. 2. cidb Register of Professional Service Providers: Framework. 3. cidb Best Practice Contractor Recognition Scheme; roll-out and implementation. 4. cidb Contracting Skills Strategy; roll-out and implementation, including operational Skills 	<p>R128 098 (DPW transfer: R65 626 and other revenue R62 472)</p>	<p>Performance evaluation done quarterly</p>

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
	<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>	<p>Development Agency (SDA) and facilitating establishment of WorldSkills ZA Construction Chapter.</p> <ol style="list-style-type: none"> 5. Monitoring reports, including reports on State of Transformation, State of Employment, State of Contractor Development and Supply-and-Demand. 6. Sector specific status reports, including State of Employment in the Construction Industry and Export Promotion of Contracting Services. 7. Construction best practice guides. <ol style="list-style-type: none"> 1. Assessment of the application and maintenance of the Infrastructure Delivery Management Toolkit (IDMT). 2. Reviewing prescripts for construction infrastructure project delivery. 3. Enhanced the programme of client capability and industry capacity for procurement and delivery management. 4. Finalising the construction procurement skills competence standards. 5. Implementation of Construction Procurement Officer's (CPO) Forum. 6. Implementation of compliance monitoring plan. 7. Roll out of anti-corruption strategy. <ol style="list-style-type: none"> 1. Delivery of an effective and efficient national Construction Registers Service. 		

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
<p>Agreement South Africa</p>	<p>Promote the use of innovative construction by providing assurance to specifiers and users via confirmation and certification of “fitness for purpose” after successfully carrying out technical assessment of non-standardised or unconventional products, construction systems, components, materials or devices for which no South African national standard or codes of practice exists, hereby supporting South Africa’s place and contribution in the global community.</p> <p>Facilitating 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>	<p>2. Alignment of registration requirements with the construction industry and with the State of development of the emerging sector through amendments to the Construction Industry Development Regulations, 2004 as Amended.</p> <p>1. Technical reports and certificates of “fitness for purpose” of successfully assessed and certified results of non-standardised or unconventional products, construction systems, components, materials or devices for which no South African national standard or codes of practice exists.</p> <p>2. Formulated and updated performance criteria used as guidelines in the technical assessments process. Dissemination of information on appropriate innovative construction technologies and infrastructure to promote acceptance amongst the construction fraternity.</p> <p>3. Technical assessment and certification of non-standardised innovative and non-standard building and construction products.</p> <p>4. Service to consumers and user interest groups by providing assurance of fitness-for-purpose and value for money of innovative non-standardised construction technologies as well as carrying out on-going quality assurance inspections.</p> <p>5. Working with the construction sector to facilitate the introduction of cost effective technologies and non-standardised construction technologies.</p> <p>6. Dissemination of correct, objective and relevant information to all concerned in</p>	<p>R13 631 (DPW transfer of R11 682 and other revenue of R1 949).</p>	<p>Performance evaluation done quarterly.</p>

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
		<p>respect of the technical, socio-economic and regulatory aspects of innovative construction technologies and non-standardised construction technologies.</p> <p>7. Providing support to policy makers at all levels and minimise the risk associated with the use of innovative construction technologies.</p> <p>8. Providing support on the application of the National Building Regulations.</p> <p>9. Actively maintain international links with peer organisations and support to the South African construction industry in its export activities by facilitating the approval of South African innovative construction products in foreign countries.</p> <p>10. Facilitate the acceptance of innovative products within the context of the Government's new priorities and policies.</p>		
Independent Development Trust	<p>The Mandate, as adopted by the Cabinet in 1997, tasks the IDT to be "a Government development agency that implement[s] projects that are commissioned by Government Departments."</p> <p>Whilst this mandate has not been amended, the Executive Authority, together with the Department of Public Works and the IDT's Accounting Authority, are formalising a Business Case upon which a focused mandate can be developed.</p> <p>Notwithstanding the progress on the Business Development case, in the meantime the IDT will align its strategy and operations to align to the anticipated social infrastructure focus as per the draft Business Case.</p>	<p>The outputs of the IDT are measured in terms of:</p> <ol style="list-style-type: none"> 1. Number of Government Departments supported 2. Expenditure on implemented programmes and projects. 3. Number of new/replacement schools completed 4. Number of work opportunities created through IDT portfolio 	<p>R451 000 000</p> <p>(DPW transfer: R50 000 000)</p> <p>Management fees for the financial year: R396 900 000</p> <p>Investment Income – R5 000 000</p>	<p>Performance evaluation is undertaken on a quarterly basis.</p>

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
		<p>5. Number of EPWP Non State Sector work opportunities created</p> <p>6. Number of EPWP related cooperatives, NPO's and CBOs supported</p> <p>7. Percentage of Weighted BBBEE spend</p> <p>8. Value of programme spend on contracts awarded to women contractors as a percentage of programme spend</p> <p>9. Value of programme spend on contracts awarded to youth contractors as a percentage of programme spend</p> <p>10. Percentage of women contractors participating in the contractor development programme</p> <p>11. Value of contracts awarded to contractor development participants as a percentage of programme spend</p> <p>Additional outputs, reflecting IDT's efforts towards being a relevant, well governed, financially sustainable, compliant, effective and efficient organisation relate to the following key performance indicators:</p> <ol style="list-style-type: none"> 1. Effective financial and performance management 2. Effective risk management 3. Effective Human Capital management 4. IDT's sustainability safeguarded. 5. Average management fee 6. Percentage efficiency ratio 		

Name of Public Entity	Mandate	Outputs	2015/16 budget (R '000)	Date of next evaluation
		<p>7. Effective communication</p> <p>IDT's portfolio constitute mainly of social infrastructure programmes (incorporating school buildings, clinics, hospitals, and other infrastructure projects), and job creation projects, such as, the Expanded Public Works Programme.</p> <p>The total programme spend for the 2013/2014 financial year was R 6,634 billion. This represents an increase of R986 million (17,5%) in terms of programme expenditure for the 2012/2013 financial year.</p>		

14. Public Private Partnerships

There are no Public Private Partnerships to report for the 2015-2020 period



PART D: Annexures to the Strategic Plan



15. Annexure A: Legislation the Department of Public Works administers

Table 49: 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	To provide for the resumption of unused Outspans, and cancellation and delimitation of Outspan Servitudes.
Pretoria and Military Supply Ordinance, 1905	To render certain Crown Land to the Municipality of Pretoria upon certain conditions.
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 Holdings (Transvaal) Registration Act 22 of 1919	To approve the division and registration of land in former Transvaal as an agricultural holding and to cancel such certificates at request for owner.
Bethelsdorp Settlement Act 34 of 1921	To provide for the settlement of certain matters in dispute at Bethelsdorp between the London Missionary Society and its successors, the Congregational Union Church Aid and Missionary Society of South Africa and the Bethelsdorp Board of Supervisors.
Mooi River Township Lands Act 05 of 1926	To provide for the grant of certain land to the Local Board of Township of Mooi River and matters incidental therefore.
Carnarvon Outer Commonage Sub-division Act 17 of 1926	To provide for the cancellation of the title issue under section 14 of Act No 19 of 1913 to the Committee of Management of the Carnarvon Outer Commonage, the sale of certain sowing lands on the said Commonage, the subdivision and allocation of the remaining extent of the said Commonage among the owners of 'opstallen' and persons having grazing and sowing rights thereon and the issue of individual 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.
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.

Short Title of the Act	Purpose of the Act
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.
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.

Short Title of the Act	Purpose of the Act
Transfer of Powers and Duties of the State President Act 97 of 1986	To amend certain laws so as to vest certain functions presently assigned to the State President, in the respective Ministers of State who are charged with the administration of those laws; and to provide for incidental matters.
Land Affairs Act 101 of 1987	To provide for the determination of amounts of compensation, purchase prices or rents in respect of immovable property expropriated, purchased or leased by the Department of Public Works for public purposes and the giving of advice with regard to the value of land and purchase prices or rent in respect of certain immovable property; for that purpose to make provision for the establishment of a Land Affairs Board; and to provide for incidental matters.
Commonwealth War Graves Act 08 of 1992	To prohibit the desecration, damaging or destruction of Commonwealth War Graves, to regulate the disinterment, removal, reinterment or cremation of Commonwealth war burial and the removal, alteration, repair or maintenance of Commonwealth War Graves and to provide for matters connected therewith.
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.
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.

Short Title of the Act	Purpose of the Act
Project and Construction Management Profession Act 48 of 2000	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.
Quantity Surveying Profession Act 49 of 2000	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.
Government Immovable Asset Management Act 19 of 2007	To provide for a uniform framework for the management of an immovable asset that is held or used by a national or provincial department to ensure the coordination of the use of an immovable asset with the service delivery objectives of a national or provincial department; to provide for issuing of guidelines and minimum standards in respect of immovable asset management by a national or provincial department.

16. Technical Goal Descriptions

Goal title	Sound policy and legislative framework to accelerate service delivery
Short definition	Development and implementation of appropriate regulatory mechanisms, policies and norms and standards to promote uniformity in the planning and implementation of Public Works functions and programmes/ concurrent functions.
Purpose/importance	To set policy direction as the National DPW that will ensure co-operative Government and intergovernmental relations where all spheres of Government and all organs of State within each sphere provide effective, transparent, accountable and coherent Government for the Republic as a whole
Source/collection of data	MinMec and Technical MinMec meetings, other intergovernmental task teams (CFO's Forums, Immoveable Asset Register, GIAMA Technical Team), Strategic Plans and Annual Performance Plans, National and Provincial Policies, Strategies and Norms and Standards
Method of calculation	None
Data limitations	Limited information available at Provincial level, lack of legislation governing the relationship between National and Provincial Departments within the Public Works sector
Type of goal	Output
Calculation type	Non-cumulative
Reporting cycle	Annually over the MTSF
New goal	Yes
Desired performance	Coordinated and integrated implementation of National Frameworks by the Provincial Departments of Public Works
Goal responsibility	Director-General

Goal title	Oversight, leadership and support to Provincial Public Works
Short definition	Proactive interaction initiated with Public Works Provinces that ensures coordinated and integrated implementation of national policies and programmes at provincial level which advances the ideals of good Government, development and co-operative governance.
Purpose/importance	To ensure there is distinctive effort, capacity, leadership, resources aimed at achieving the development and service delivery objectives within the Public Works sector
Source/collection of data	Policies, Norms and Standards, Strategy documents, Strategic Plans and Annual Performance Plans of National and Provincial Departments of Public Works
Method of calculation	None
Data limitations	Limited information available at Provincial level, lack of legislation governing the relationship between National and Provincial Departments within the Public Works sector
Type of goal	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually over the MTSF
New goal	Yes
Desired performance	Coherent Government that delivers services to the nation through all three spheres of Government
Goal responsibility	Director-General

Goal title	Coordination of the EPWP Phase III for the creation of decent employment through inclusive economic growth
Short definition	Lead and coordinate the EPWP to provide 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 goal	Output
Calculation type	Cumulative
Reporting cycle	Quarterly, annually and over the MTSF
New goal	No
Desired performance	Creation of 6 million work opportunities for the period 2014-2019
Goal responsibility	Director-General

Goal 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	None
Data limitations	None
Type of goal	Outcome and output
Calculation type	Non-cumulative
Reporting cycle	Annually and over the MTSF
New goal	No
Desired performance	Transformed construction and property sectors to create economic opportunities
Goal responsibility	Director-General

Goal title	Good corporate governance to support effective and efficient service delivery
Short definition	To drive Phase II of the Turnaround Strategy 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	The Turnaround Strategy defines a process of organisational review and renewal to ensure compliance to the mandate of the Department and satisfactory audit performance.
Source/collection of data	7 Year Turnaround Strategy, Auditor-General Reports
Method of calculation	None
Data limitations	None
Type of goal	Output indicator
Calculation type	Cumulative
Reporting cycle	Annually and over the MTSF
New goal	No
Desired performance	Unqualified audit outcome
Goal responsibility	Director-General

17. Technical Objective Descriptions

Objective title	To provide strategic corporate services to PMTE and DPW through the implementation of corporate service plans.
Short definition	Support the core business to deliver on its mandate through Human Resources, Information Communication Technology, Security Services, Legal Services, Gender, Disability and Youth, International Relations and Communications and Marketing services.
Purpose/importance	To ensure that the Department has the right capacity and skills, adequate systems, safe and secured environment, good corporate image, operate within the legal framework, elevate DPW and PMTE in the international and Gender equality.
Source/collection of data	Persal system, International and National targets for Gender, Youth and disabled persons, business processes, staff establishment, security clearances, legal contracts, Media reports, audit reports, Parliamentary comments, media enquiries and the findings of other forensic investigations, international partners and internal research and analysis,
Method of calculation	1 Service plan is developed and implemented per unit within the Corporate Services Branch
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	None
Desired performance	Full implementation of corporate services plans to support core business to achieve its mandate
Objective responsibility	Deputy Director-General Corporate Services

Objective title	To ensure sound financial resource management practices to maintain an unqualified audit outcome
Short definition	Ensure that effective and efficient controls are in place to obtain an unqualified audit report indicating that the financial statements are free from material misstatements
Purpose/importance	The indicator is intended to show that the annual financial statements are free from material misstatements for the year preceding the year of review.
Source/collection of data	Audit report from the Auditor General of South Africa
Method of calculation	The audit outcome as per the audit report received from the Auditor-General South Africa is used.
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	No
Desired performance	Emphasis of matter paragraphs and non-compliance matters which is less than targeted performance is desirable.
Objective responsibility	Transversal indicator for the Department co-ordinated by the CFO.

Objective title	To pursue common service delivery objectives within the public works sector through the coordinated implementation of programmes at National and Provincial levels
Short definition	The National Department of Public Works is responsible for policy formulation, determining regulatory frameworks including setting norms and standards, and overseeing the implementation of these concurrent functions. The Provinces' function is largely that of implementation within the National Framework.
Purpose/importance	Through the new legislation the Department aims to create coherent Government that delivers services to the nation through the three spheres of Government. In other words, Intergovernmental Coordination is a means for arranging the distinctive effort, capacity, leadership and resources of each sphere and directing these as effectively as possible towards the developmental and service delivery objectives of Government as a whole
Source/collection of data	Intergovernmental Relations Framework Act of 2005, Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996),
Method of calculation	n/a
Data limitations	Lack of legislation and/or regulations to manage the public works functions for the sector
Type of objective	Output and Outcome
Calculation type	n/a
Reporting cycle	Annually
New objective	Yes
Desired performance	Oversight, coordination and support of the Entities as well as the Provincial Departments of Public Works as part of the concurrent mandate are clearly depicted
Objective responsibility	Deputy Director-General: Governance, Risk and Compliance

Objective title	To ensure compliance to management practices through the MPAT improvement plan
Short definition	To assess the current levels of delivery and compliance within the Department and put in place interventions to improve management practices that will allow for informed decision-making and improved performance of the Department.
Purpose/importance	To ensure an integrated, holistic approach to department -wide governance in accordance with its risk appetite, internal practices and external regulations, through the alignment of strategy, processes, technology and people, thereby improving efficiency and effectiveness
Source/collection of data	Service Delivery Improvement Framework, Governance Framework, 5 Year Strategic Plan, Management Performance Assistant Tool, Service Delivery Improvement Plan
Method of calculation	n/a
Data limitations	Outdated Business Processes,
Type of objective	Output and Outcome
Calculation type	n/a
Reporting cycle	Annually
New objective	Yes
Desired performance	Fully compliant management practices that informs all functions with the Department with a clear line of sight on all service delivery arrangements. Compliance to regulatory prescripts for all governance and management functions.
Objective responsibility	Deputy Director-General: Governance, Risk and Compliance

Objective title	To co-ordinate, monitor and evaluate the implementation of EPWP Phase III that aims to create 6 million work opportunities and provide income support to the poor, lowly skilled and unemployed between 2014 - 2019.
Short definition	The coordination, monitoring and evaluation of the implementation of the EPWP across all spheres of government. The consolidation of reports and evaluation of the Impact of the programme on the poor, lowly skilled and unemployed.
Purpose/importance	The EPWP is a nation-wide government programme aimed at drawing a significant number of poor and unemployed South Africans into productive work in a manner that will enable them to gain skills and increase their capacity to earn income as well as develop their communities.
Source/collection of data	EPWP Projects, participants databases from the EPWP reporting systems and evaluation reports.
Method of calculation	Data should be collected using data collection sheets that contain beneficiary name, surname, identity number, gender, contact details
Data limitations	Under reporting by public bodies,
Type of objective	Output
Calculation type	Cumulative and Non-cumulative data
Reporting cycle	Annually
New objective	No
Desired performance	6 000 000 work opportunities created by 2019
Objective responsibility	Deputy Director-General: Expanded Public Works Programme

Objective title	To regulate and transform the Construction and Property industries.
Short definition	Various pieces of legislation to regulate the Construction and Property industries; and implementation guidelines to encourage transformation in the Construction and Property industries developed.
Purpose/importance	To regulate the Construction and Property industries through the development of various pieces of legislation; and to transform the industries through the development of various guidelines to give effect to the implementation of programmes to promote transformation in the industries. Examples: Development of: Public Works White Paper; and Contractor Development Implementation Reports.
Source/collection of data	Existing legislation and programmes such as: White Papers: (1) Public Works towards the 21st Century (1997); and (2) Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry (1999); and the State Land Disposal Act, 1961; and National Contractor Development Programme.
Method of calculation	Consultation process; Collation of reports
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New objective	No
Desired performance	Public Works White Paper; and Contractor Development Implementation Reports developed.
Objective responsibility	Deputy Director-General: Property and Construction Industry Policy Regulations

Objective title	To promote sound immovable asset management in the public sector.
Short definition	New legislative and policy frameworks to govern the immovable assets under the custodianship of the Department.
Purpose/importance	To govern the immovable assets under the custodianship of the Department. Examples: Development of: Bill to amend the State Land Disposal Act, 1961, Guidelines on User and Custodian Asset Management Plans submitted to Minister for approval.
Source/collection of data	Constitution, 1996; State Land Disposal Act, 1961; Public Finance Management Act, 1999; Provincial Land Administration Laws; DPW Immovable Asset Disposal Policy, 2013; GIAMA, Land Administration Acts and relevant immovable asset management policies.
Method of calculation	Consultation process; Collation of reports
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New objective	No
Desired performance	New legislative framework to govern the disposal of immovable assets under custodianship of the Department developed; and Best practice guidelines and standards developed and aligned to GIAMA.
Objective responsibility	Deputy Director-General: Property and Construction Industry Policy Regulations

Objective title	To develop, monitor and improve prestige policy frameworks annually
Short definition	The development of policy, norms and standards for strategic institutions used by Prestige clients which includes the National Parliament and the Union Buildings is separate from the policy and norms and standards developed for the provision of accommodation for Prestige clients.
Purpose/importance	To properly define the mandate and scope of Prestige Property Management function. Such mandate and scope should include policy, norms and standards development for provision of accommodation
Source/collection of data	Immovable Asset Register, User Asset Management Plans, Custodian Asset Management Plans.
Method of calculation	None
Data limitations	Incomplete and inaccurate asset register for Prestige accommodation
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	Yes
Desired performance	To provide Prestige accommodation in the right quantity, at the right time and in accordance with approved regulatory frameworks
Objective responsibility	National Coordinator: Prestige

Objective title	To provide movable assets (office and residential) and structures for State functions to Prestige clients.
Short definition	The Department is responsible the provision and maintenance of residential and office movable assets for Prestige clients in line with Prestige movable assets policy. The Department also provides of movable structures requirements for State functions as per agreed timeframes
Purpose/importance	To meet the service delivery expectations of Prestige clients in the provision of movable assets and structures within the agreed timeframes and available budget
Source/collection of data	Needs assessments, condition assessments, Prestige policy framework
Method of calculation	A simple count of the number of requests processed within required timeframes
Data limitations	Incomplete and inaccurate needs assessments, lack of condition assessments
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	Yes
Desired performance	To provide Prestige movable assets and structures in the right quantity, at the right time and in accordance with approved regulatory frameworks
Objective responsibility	National Coordinator: Prestige

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