



## ANALYSIS OF THE GOVERNMENT PRINTING WORKS (GPW) 2012/13 ANNUAL REPORT

8 October 2013

### 1. Introduction

The functions of the GPW include the following:

- Compiling, editing, printing and distribution of Government Gazettes and Provincial gazettes.
- The procurement and stocking of departmental forms and face value forms.
- The provision of a printing service pertaining to high security documents and also printed matter of a general nature.
- The administration of the Publications Section to provide for the stocking of government publications.
- The selling thereof to government institutions and the general public, as well as institutions abroad.

The principal clientele of the GPW are state Departments and their statutory bodies. It provides services to them at cost recoverable basis. However, service delivery has been adversely affected by problems emanating from its human and material resources. In the field of human resources, it continues to lose experienced and qualified artisans and administrative personnel to the private printing sector because the latter offer more attractive remuneration packages than the current dispensation allowed for artisans employed by Government.

### 2. Auditor General's Report

The GPW can be commended for receiving its fourth consecutive unqualified Audit Opinion in its report in 2012/13, after several years prior to 2009/10 having had the worst possible opinions: Adverse and Disclaimer. In addition the GPW again managed to receive no matters of emphasis (the next most important category of concern from the AG).

The AG also comments on compliance with Legal and Regulatory Requirements and Internal Controls. In terms of Regulatory Requirements, the GPW had the following additional matters that remain concerning from prior years:

**Achievements of Planned Targets:** Of the 56 total number of targets planned for 2012/13, 22 (39%) were not achieved. In 2011/12 this was 31% that were not achieved.

**Compliance with laws and regulations:** In 2012/13 this relates to not timeously collecting money due to the organisation and to Procurement Processes where suppliers were used that did not declare whether they had conflict of interest or past history of con-compliance. This in turn led to the an issue with Leadership in that GPW's Accounting Officer (in this case the Chief Executive Officer) is liable for not ensuring that there was sufficient compliance with laws and regulations and not ensuring sufficient monitoring controls.



### 3. Performance Information

Since establishment as a government component in 2009, the GPW has significantly increased its annual profit margin from just R15.2 million in 2009 to R214.8 million in 2011. Despite being without a Chief Executive Officer (CEO) for most of 2011/12, profit was sustained at over R191.8 million for 2012. This is a 92% increase in just three years.

As indicated by the AG, however, only 61% of the objectives set in the GPW strategic plan were achieved for the year (i.e 39% of targets were not achieved). Much of these problems emanate from challenges encountered in relocating and recapitalising the entity as well as continued challenges in recruiting sufficient staff.

Despite operational obstacles to achieving targets, the GPW has made improvements relating to the setting of clear and measurable indicators in its annual report, which appeared strategic/performance plans and its conformity with the annual report.

### 4. Human Resources

The target for HR was to advertise 60% of vacant posts, representing 107 vacancies out of 150. The total advertised was 102 (54%). The target for HR was to fill 60% of the advertised posts and it was able to exceed this by 9% (74 out of 107 advertised posts). Vacancy rates, however, remain at around 24% in the GPW, and they are particularly critical in the salary bands of senior management (73% vacancy) and highly skilled supervision (53% vacancy). This is in part related to the high turnover rate of 9.6 for staff in critical posts. Of staff leaving, 53% are resigning. There were also 13% (70) of the 537 employees at GPW working on contract, 6 of whom were converted to full time employees. As an indication of the difficulty in recruiting staff, highly skilled production staff are only at levels 6-8 with an average compensation of R230 000 per annum. However since a study of comparative private sector salaries was not completed for the year, the only indicator the GPW have for un-competitiveness is continued high staff turnover and vacancies. The GPW have a good skills development programme with all of the 514 identified skills improvement needs being provided. Given the high vacancy in management positions, leadership training could be a valuable source for improving and retaining in house capacity.

#### Possible Questions to the GPW

1. What has led to the decline in performance against targets from 31 to 39% not achieved?
2. What is the status of discussions with National Treasury and the Department of Public Service and Administration in terms of being able to offer private sector comparable remuneration levels to retain staff?
3. What alternatives can be used to establish salary benchmarks for the printing industry given the reported lack of such information needed to justify a special compensation dispensation for GPW?
4. How is the GPW addressing the ongoing concerns related to effectiveness of controls; compliance with laws and improving monitoring?
5. How much leadership training was undertaken with a view to address the continued high management level vacancy rate?