

THE GOVERNMENT PRINTING WORKS

ANNUAL


REPORT

2015/16



government
printing

Department:
Government Printing Works
REPUBLIC OF SOUTH AFRICA

A close-up photograph of industrial machinery in a paper mill. A large roll of paper is being processed, with a sheet of paper visible in the foreground. The machinery consists of various rollers and metal frames. The word 'JAUMMA' is overlaid in large, white, bold, sans-serif capital letters across the center of the image.

JAUMMA



2015/16

THE GOVERNMENT PRINTING WORKS



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GAZETTE DEFINITIONS

Government gazette

National government publishes the Government Gazette every Friday as a tool to communicate messages of national importance to the general public. It contains information of a legal, administrative and general nature.

Extraordinary gazette

As part of the daily administration of the country, specific matters of an urgent or emergency nature may arise, which must be communicated to the public.

Due to the urgency, such matters may not be suitable to stand over until a Friday and subsequently are published as Extraordinary Gazettes. These gazettes are thus supplementary editions of the Government Gazette and are published any day of the week and when required.

Regulation gazette

This gazette contains information that government wishes to communicate specifically pertaining to regulations.

Legal gazette

Members of the public must communicate specific actions to the general public, such as sales in execution, personal name changes and so on, to comply with various stipulations of the law. The Legal Gazette contains information that falls within these categories.

Liquor licence gazette

This is a special edition of the Government Gazette, which contains applications for liquor licences only. It is published in addition to the weekly Government Gazette. Should there be parties wishing to oppose the granting of said licences, it is much easier if they are contained within a single edition of the gazette.

Monthly gazette index

Since there are many gazette editions in addition to the weekly gazette, the Government Printing Works (GPW) compiles an index of all gazettes published over a month. This is a service to the public, to assist interested parties in keeping track of all editions.

Provincial gazette

The Provincial Gazette serves the same purpose as the Government Gazette, however, on the level of provincial government. It is a tool to communicate messages of provincial importance to the general public and contains information of a legal, administrative and general nature.

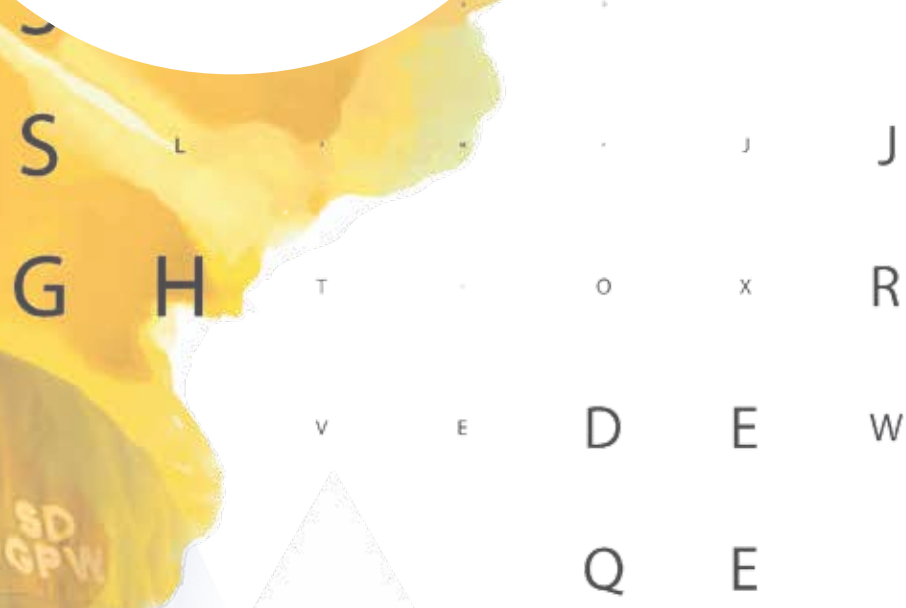
Tender bulletin

The Tender Bulletin is printed on behalf of the Department of Finance. It provides a summary of all procurement planned by national government, which is of assistance to prospective vendors and suppliers.

Overview

Esteemed Minister of Home Affairs, Mr. Malusi Gigaba gives an outline on the innovations, achievements and progress made by the Government Printing Works (GPW), while the GPW's CEO, Prof. Anthony Mbewu provides further information on how the organisation is transforming into a modern print and media company.

01 OVERVIEW



MINISTER'S REPORT

Preface to the Government Printing Works Annual Report 2015/16 by the Honourable Minister MKN Gigaba, MP, Minister of Home Affairs

The Government Printing Works (GPW) had a successful year in delivering on its mandate of printing security documents (such as passports and smart ID cards) as well as printing services for various government departments at provincial and national level.

The mission of GPW is to provide:

- ▶ Cost effective, reliable and timeous printing services to all spheres of government;
- ▶ The public with equitable and timeous information;
- ▶ Accessibility to government information through technology, innovation and service excellence.

GPW continues as a key partner in the roll out of our modernisation programme, producing the Smart ID cards and passports at its World Class High-tech Production Facility.

GPW produced in the 2015/16 fiscal year a total of 820 237 high security passports which are virtually impossible to forge;

- ▶ **545,507** green Identity Books;
- ▶ **2,413,929** smart ID Cards;
- ▶ **15,813,805** matriculation examination papers; and
- ▶ **3,115** editions of the Government Gazette with electronic gazettes accessible on www.gpw.gov.za for viewing and submission of electronic PDF files.

No funds are transferred to the Government Printing Works (GPW) as the organisation has been self-funding since 2012, with revenue exceeding R1 billion the previous year.



GPW's profits are invested into the Asset Recapitalisation Programme, as well as the construction of the Dispatch Centre for passports and smart ID cards, which will significantly improve security and efficiency. GPW is entering the final phase of construction and renovation of the Visagie Street site, which will bring all of GPW's operations into one state of the art facility, for completion by 2020.

After five unqualified audits in a row followed by a clean audit by the Auditor-General, GPW has achieved another unqualified audit in the 2015/16 financial year.

In the coming years, GPW will pursue the passing of the conversion into a State Owned Entity and Security Printer legislations, strengthening of the current institutional framework and governance mechanisms. It will also focus on expansion of its footprint nationally, internationally, partnering with our counterparts in SADC and other regions as part of fostering the African agenda.

GPW remains resolute in its efforts to be the state's Security Printer of choice, reliably delivering innovative, high quality products and services to the government and people of South Africa.

A handwritten signature in black ink, appearing to read 'MKN Gigaba', enclosed within a circular scribble.

THE HONOURABLE
MR MKN GIGABA, MP
Minister of Home Affairs

CEO'S REPORT

The 2015/16 financial year saw the Government Printing Works (GPW) begin the process of conversion from a government component to a state owned company (SOC). A draft State Printers Bill and business case and socio economic impact assessment study for the SOC were developed and are being interrogated by the relevant government departments: Home Affairs, Public Service and Administration, and National Treasury.

During the 2016/17 financial year, the Bill will be taken through the legislative process with a view to promulgation of the Act within the next 12 months. Eventual conversion to a state owned company was always envisaged when the GPW was established as a government component in 2009, as a transitional arrangement. As a SOC, the GPW will have greater freedom in terms of paying market-related salaries, to facilitate recruitment and retention of highly skilled technical and professional staff. This will be crucial in completing the transformation of the GPW from a traditional state printer into a modern *"print and media company"* specialising in government security printing.

This human resource transformation will be completed by 2020 in tandem with the completion of the R 800 million asset recapitalisation programme; and the relocation of the entire organisation to newly refurbished facilities at Visagie Street, Pretoria.

Financially, the GPW has been enormously successful in 2015/16, having doubled its revenue over the past six years to now exceed one billion Rand turnover in 2015/16. All the profits generated are ploughed back into the asset recapitalisation programme and the R 1 billion programme to renovate the Visagie Street campus. The organisation has had six unqualified audits in a row, culminating in, for the first time ever, a clean audit in 2014/15.

The Minister of Home Affairs appointed an advisory council in the 2015/16 year in order to overhaul governance processes at the GPW; and hasten the legislative process for the State Printers Bill and the establishment of the SOC.

The GPW has consolidated its position as a government-owned entity running on sound business principles; with all its operations financed through revenue it generates by means of the services it provides.



The GPW continues with its mission to:

- ▶ provide cost effective, reliable and timeous services to all spheres of government in printing;
- ▶ provide the public with equitable information; and
- ▶ disseminate government information through technology, innovation and service excellence.

Significant developments in 2015/ 2016 included:

- ▶ The ongoing printing of the smart ID card, with 2,413,929 produced in 2015/ 2016, and a target of 38 million over six years.
- ▶ Dispatch of smart ID cards directly from the factory floor to the courier resulting in a turnaround time of three to five days from the time the citizen applies for the smart ID card through "live capture" to delivery of the card back at the Home Affairs office they applied at.
- ▶ The President and the Minister of Home Affairs launched the "e-channel" whereby citizens can apply for smart ID cards online, and make an appointment to attend their local bank for live capture of their biometric details.

- ▶ Business transformation – with consolidation of the enterprise resource planning (ERP) system; and further development of the electronic Gazette and its new contact centre that since its launch in July 2015, has now achieved a dropped call rate of less than three percent.
- ▶ Past the mid-way point in the R800 million asset recapitalisation programme, which will see all of the GPW's printing equipment replaced with new state-of-the-art machines by 2019.
- ▶ Ongoing renovation of Pavilion 3 into a high speed examination printing centre and dispatch centre for passports and smart ID cards, at a cost of R280 million.
- ▶ The commissioning of a state-of-the-art equipment for printing, compiling and automatically boxing examination papers sets customised for the classroom and school to which they will be delivered. This machine will be relocated to Visagie Street in 2017 when the examination printing centre is complete.
- ▶ The continuing migration of the GPW's employees to the new GPW establishment.

The core business of the GPW is the rendering of security printing and the related services to government departments, provincial institutions and local authorities, which entails the following:

- ▶ compiling, editing, printing and distributing official gazettes;
- ▶ the procurement and stocking of departmental forms and face value documents;
- ▶ the production of high security documents and also general printing; and
- ▶ the procurement and distribution of standard stationery items.

The GPW produced in the fiscal year 2015/ 2016:

- ▶ 820,237 high-tech passports, which are virtually impossible to forge;
- ▶ 545,507 green identity books with a turnaround time of three days;
- ▶ 2,413,929 smart ID cards;
- ▶ 15,813,805 matriculation examination papers to specified time and quality parameters; and
- ▶ 3,115 editions of the Government Gazette.

The electronic gazette (e-Gazette) was enhanced in 2015 with the facility to submit documents electronically in PDF files. The e-Gazette is accessible to the public on the GPW website, www.gpwonline.co.za, which was launched in the third quarter of 2012.

In the year under review, the GPW purchased a further six pieces of new equipment as part of its R800 million asset recapitalisation programme. The cost of these new machines amounted to R189 million.

Several senior management posts were filled, reducing the SMS vacancy rate in the organisation from 56 percent in 2014/15 to 44 percent in 2015/16.

Conclusion

Having transitioned from a government sub department in 2009 to a government component, the GPW is now set to complete the journey to becoming a SOC in the 2016/17 financial year.

Revenue now exceeds one billion Rand, effectively doubling over the past six years; and is set to double again within the next few years. The GPW continues to seek government security printing work in other sub-Saharan countries, and currently prints the African Union passport.

The GPW exceeded its production target of smart ID cards in 2015/16, and stands ready to meet the increased rate of smart ID card production that is likely to supervene as the Department of Home Affairs "e-channel" for smart ID cards and passports is rolled out through the four major banks.

The GPW utilises ICT internally through the ERP system that runs its business processes; and the e-Gazette in which material is submitted by electronic PDF files, and is accessed via the GPW website: www.gpwonline.co.za

With the strong and unwavering support received from the Minister of Home Affairs and his department, we anticipate meeting all the challenges in the years that lie ahead, including the imminent completion of the transition from a government component to a SOC.



PROF AD MBEWU

Chief Executive Officer

Government Printing Works

Revenue has more than doubled to

R1 billion

over the past six years



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02

ABOUT US

About us

A quick glance about the organisation, its purpose, core values, vision and mission; addressing who the GPW is, what it does and its proposed course of action.

ABOUT THE GPW

The Government Printing Works (GPW) is a government component reporting to the Minister of Home Affairs; with oversight by the Parliamentary Portfolio Committee on Home Affairs. It specialises in the printing and development of security media, including passports, visa, birth certificates, educational certificates, smart identity documents (ID) cards, examination materials, and a wide range of other high security printed media. The GPW operates as a self-funded business within the regulated parameters of the Department of Home Affairs.

The GPW boasts a rich history of producing high security documents, spanning 128 years. Security documents are documents containing embedded security features to protect the document against criminal attack, and the GPW has adhered to the overall goal of security printing, which is to prevent forgery, counterfeiting and tampering that could lead to fraud and identity theft. Today, the GPW ranks as one of the most progressive security printing specialists in Africa, combining a high-tech production facility with world leading technologies.

Vision and mission

The market for security printed matter is constantly growing, due to the need for modern security documents that incorporate biometric features. At present, the GPW – which operates based on the core values of reliability, integrity, accuracy and stakeholder satisfaction – is well positioned to benefit from these developments, both within South Africa and further afield across the African continent.

The GPW's vision, mission and its business behaviour, are governed by this market demand, its core values and its key purpose of providing state departments with high security printed matter, thus enabling it to eliminate counterfeiting of key documents and maintain state security .

Vision

To consolidate its position as the state's mandated security printer, while extending its reach into southern Africa's public sectors.

Mission

To provide cost effective, reliable and timeous services to all spheres of government in printing; to deliver equitable information to the public; and to disseminate government information through technology, innovation and service excellence.

Service offering

Having invested in modern and world-class printing and data management technology, the GPW is fully equipped to meet its customers' printing needs, offering a comprehensive suite of standard printing, security printing and publishing services to the South African government. The GPW also supports the dissemination of government information to the public.

As the editor and publisher of Government Gazettes – the official publications used by government to communicate messages of national importance to the general public – the GPW now also provides its customers with convenient electronic access to submit content, read current gazettes and access all back issues.

The GPW's wide range of products and services comprises printing services, security printing and consulting services, gazette services, publications, and government stationery services.

Security printing services

With advances in technology in modern printing equipment becoming increasingly available to the general public – including small printing presses, computers and photographic equipment – document security and solutions to eliminate the criminal attack of key documents of the state are topical issues in the war against crime and state security. The rise of identity theft, which occurs when someone unlawfully obtains another's personal details without their knowledge, to commit fraud, has left many a country vulnerable to criminal activities.

Document security features generally function on three levels:

- ▶ First level security consists of overt elements such as watermarks and tactile features, which can be readily verified with the naked eye under natural light.
- ▶ Second level features are made up of hidden elements such as invisible ink and micro-printed text, which can be verified only with the use of elementary tools.
- ▶ The most intricate, however, is the third level of security, which comprises covert elements, such as infrared detectable inks, that can be verified only with the use of sophisticated laboratory equipment.

The knowledge and capacity of the GPW to produce documents containing all three levels of security, place it among the most modern printing facilities, both locally and internationally, in particular as the GPW encompasses international best practice standards.

Passport production

The GPW offers an end-to-end passport production solution, incorporating ICAO compliant booklets in any configuration, with personalised polycarbonate data pages, using advanced laser engraving technology.

Should it be required by the customer, the GPW can also produce blank ICAO compliant booklets in any configuration, including the incorporation of polycarbonate data pages, for personalisation by the customer.

Card media development

The GPW can develop card type documents - smart cards with integrated circuits, such as identification cards and drivers licences, as well as regular cards, including access control cards. This service includes the maintenance of internal computer servers to accept downloaded data from customers, which is used for card personalisation by either D2T2 (full colour personalisation) or laser engraving.

Document securitisation

Breeder documents, such as birth certificates, have high value in validating the holder's citizenship and supporting the population control measures. The GPW has sophisticated laser technology to create high value security features in such documents. This technology is applied according to customers preference, for instance in logos, special images and numbering. The GPW also uses other various security elements to secure documents, such as UV inks, optically variable devices (OVDs), security foils and more, based on customers' needs.

Rubberstamps production

The GPW has a modern rubberstamp plant to produce regular rubberstamps. It also uses laser technology to produce high security rubberstamps, such as stamps used for border control (visa stamps).

Non security printing products and services

Government stationery

The GPW's Stationery Services business unit is responsible for the provision of standard documents, such as medicine registers for local clinics, patient cards for hospitals and standard forms, which are used across government departments, municipalities and other entities.

This division does not print, but supports the procuring of stock, warehousing and distributing the orders to customers. The business unit operates from a 10,000 square metre warehouse in Zandfontein, Pretoria, and has regional support offices in Mmabatho, Polokwane and East London.

Government publications

Publications and hard copy items such as maps, aviation logbooks, SADC road traffic signs manuals, motor vehicle forms, patent journals and terminology dictionaries, as well as self-help books created to assist with the social and economic growth of all South Africans, fall under the Publications business unit.

Also included among publications are the Government Gazettes, which are available electronically on the GPW's website www.gpwonline.co.za.

Customer support

The GPW team consists of professionals with numerous years of knowledge and experience in the fields of printing and security printing. Printing/security printing experts are committed to delivering an end-to-end consulting service and informing the client about how the GPW can add value to their project requirements.

Consulting services include:

- ▶ designing the document around the customers' specifications;
- ▶ advising on raw materials and best practices printing;
- ▶ advising on security production processes;
- ▶ recommending printing methods and paper; and
- ▶ educating the client about the selection of security features on offer to protect documents from fraudulent attack.

Printing service process

The GPW provides a full suite of services, which comprises the three main disciplines related to the development of printed matter – origination, printing and finishing – as well as related specialised services.

Origination

These services relate to the preparation of text, in a format ready for printing, and include:

- ▶ typesetting – a customer can deliver text in written format, which the GPW will typeset;
- ▶ layout and design – the GPW can assist the customer in designing and laying out new documents prior to printing; and
- ▶ acceptance of documents in most electronic formats and converting such documents to printed formats.

The above includes the development of security features required to safeguard documents against forgery, such as micro text, guilloche backgrounds, vignettes and more.

All of the above relate to both security and non-security printing jobs.

Printing

Once the document is received from origination, it can be printed as:

- ▶ offset printing – full colour, high quality printing in sheet format, such as posters, annual reports, passport visa pages and more;
- ▶ continuous printing – full colour jobs/ single colour jobs printed in high volumes, including newsletters, census forms, voter registration forms and more; or
- ▶ digital printing – either full colour or black and white. Digital printing is used for production of variable data, such as voters' rolls, or personalisation of documents, such as certificates and identity documents.
- ▶ All of the above relate to both security printed matter and non-security printed matter.

ABOUT THE GPW CONTINUED

Finishing

After receiving printed matter from the print rooms, finishing operations are executed to deliver the printed matter in its final format as:

- ▶ sheeted;
- ▶ fan folded packs;
- ▶ sprocketed continuous stationery (also multipart);
- ▶ multipart snapsets;
- ▶ folded forms;
- ▶ perfect bound books;
- ▶ multipart;
- ▶ reel-to-reel format;
- ▶ books (side stitched and saddle stitched);
- ▶ full-bound books (including genuine leather);
and
- ▶ foil blocking.

All of the above relate to both security and non-security printing jobs.

The GPW extends service footprint into Africa

In line with the GPW's goal to extend its geographic reach into the rest of Africa, the organisation took part in international events to promote the GPW brand and its services in the year under review. These events included the 3rd conference of the Ministers responsible for Civil Registration and Vital Statistics, which was held in Cote D'Ivoire in February 2015. The GPW has also hosted a delegation of the government of Malawi, consisting of officials responsible for printing.

Going forward, the GPW will continue leveraging on available opportunities to market its services, both internationally and locally, while strengthening awareness of its capabilities to support government departments in developing secure documents that cannot be easily counterfeited.

03

e-GAZETTE

e-Gazette

The GPW's flagship project: From manual to automated processing of gazettes, the GPW is the custodian of a host of government publications, and provides publication and gazette services to government institutions and the general public of South Africa.

e-GAZETTE

GPW's flagship project: From manual to automated processing of gazettes

The Government Printing Works (GPW) is the custodian of a host of government publications, and provides publication and gazette services to government institutions and the general public of South Africa.

The business case

For the GPW, the processing of notices and publishing of gazettes was always largely a manual process, which created numerous challenges for the organisation. Duplication of work (such as printing of electronic copies and re-typing), high printing costs and increased employee overtime costs were some of the reasons that the GPW chose to implement an automated gazette solution.

In July 2013, the GPW embarked on a journey that would change the way notices were processed and gazettes published for the foreseeable future.

Soon after the start of the e-Gazette project, the strategy changed to first focus on "quick wins", standardising of the Adobe forms and engaging with other government departments to gain some valuable guidance and advice (from SARS), where similar solutions using forms to automate the processing of information had been implemented.

The objectives

The GPW's main objectives for implementing the automated gazette solution was to deliver on the organisation's strategy and vision to provide cost effective and timeous printing services whilst delivering information to the public through technology, innovation and service excellence.



QUALITY

- ▶ Ensure a legally valid solution
- ▶ Enhance customer experience
- ▶ Enhance internal controls



SPEED

- ▶ Produce gazettes whenever it is required
- ▶ Produce gazettes on time, every time



COST

- ▶ Ensure most economic process for state and citizen
- ▶ Reduced printing costs
- ▶ Minimise employee overtime costs

The solution

The gazette solution focuses on advanced automation and control capabilities when processing notices and publishing gazettes. In addition, the solution creates the visibility required to manage and respond to both internal and external requests ensuring that all stakeholders are able to stay informed and up to date on gazette and notice information.

The e-Gazette solution enables customers to interact with the GPW electronically, which has allowed for internal processes to be more effective through increased customer service and a reduction of risks.

The process starts with the receipt of notices from customers via e-mail, fax (exceptions) or walk-in business. The notices will follow through various other processes that will sort and classify the documents received; capture and verify specific customer and payment information; prepare and proof the notice for content and layout with the end result being the production of an electronic copy of the gazette that is ready for publishing and printing.

The focus in the process is to drive a set of standardised electronic forms delivered through e-mail, assisted classification of content with associated workflow and approvals before publishing extracted data into the various Government Gazette templates for printing.

The e-Gazette solution leverages the GPW's current technology investment in Microsoft SharePoint, K2 and Enfocus Switch. Assisted content extraction and workflow is handled by the Kofax solution platform, K2 and Adobe forms that can also be used to deliver on future business requirements.

The benefits

This solution has enabled the GPW to restructure its operations in line with global best practices, to better achieve its mandate and vision. While these benefits are already apparent, the 'big win' will be the next phase in the programme, which will see integration between GPW's Gazette operations and its financial systems – to ensure that all notices are correlated with a clear view on the status of payment and (in some cases) the bulk-payment account to which it relates.

Customer behaviour

Changes to customer behaviour was also required in line with the internal process changes to the GPW. The gazette process does not only affect the internal processes at the GPW, but also extends to the citizens of South Africa, both from where notices originate and where they are consumed. In order to facilitate this change, the GPW established and implemented a standard set of business and processing rules.

GPW business rules

The establishment of this standard set of business rules for the submission of notices was drafted, finalised and published prior to the go-live of the system on 13 July 2015. These rules provide guidance to customers on:

- ▶ The submission requirements of notices to the GPW
- ▶ The liability of the GPW as it relates to the publishing of notices
- ▶ The standards required for attached content to notices
- ▶ Payment requirements for submitted notices
- ▶ Proof of publication

These business rules can be found on the GPW Public website:
<http://www.gpwonline.co.za/Gazettes/Pages/GPW%20Business%20Rules.pdf>

e-Gazette statistics

From the system go-live on 13 July 2015, the solution has produced over 2,300 gazettes, published over 130,000 notices and generated over 110,000 pages up to and including 31 March 2016.

Every single one of these notices and their associated history is available for review and can be retrieved electronically at any time. The GPW now has a system that handles today's and future gazette requirements, allowing it to deliver services of the highest quality to government institutions and the citizens of South Africa.

Summary of the project

The GPW e-Gazette project was an enormously significant undertaking for all parties involved. Making the decision to fully automate a historically manual process is a landmark in any organisation, and doing it in a critical line of business process like the Government Gazettes created a fundamental impact on the effectiveness of communication between government and the citizens of South Africa.

The project had to address minimising the risk of publishing notices in gazettes while at the same time introducing a completely new process that required both the GPW employees and the South African public to change the way they worked.

The overall success of the e-Gazette project can largely be attributed to the GPW management team and staff's commitment to this enormous change. Without the buy-in and commitment from the organisation, such a change in process and technology would not have been possible.

What does the new financial year 2016 bring?

Pricing of notices:

The notice and gazette pricing was based on the previous notice and gazette process that was used prior to the implementation of the e-Gazette solution. This pricing structure was highly complex as it was designed to cater for the various different scenarios that were inherent in the previous manual notice and gazette publishing process.

In order to reflect the changes brought about by the e-Gazette solution, the GPW implemented a new and streamlined pricing structure on 1 April 2016. The new gazette process resulted in significant process efficiencies and created a platform upon which the GPW better served its customers at reduced risk and cost.

These changes are defined by the following three pricing structures:

- ▶ Legal A, Legal B and Liquor Gazettes (fixed and variable priced)
- ▶ National, Provincial and Tender Notices (variable priced)
- ▶ Extra Ordinary Gazettes (variable priced – per page)

This means that submitted notices either fall into a fixed or variable priced notice category.

Since changing the pricing structure, the GPW has seen a 47 percent reduction in the number of extra ordinary gazettes and a corresponding increase in the number of notices published in the scheduled Government Gazettes. This translates into more customers submitting notices to the GPW within standard lead times, allowing for the GPW to efficiently publish more notices within the standard process.

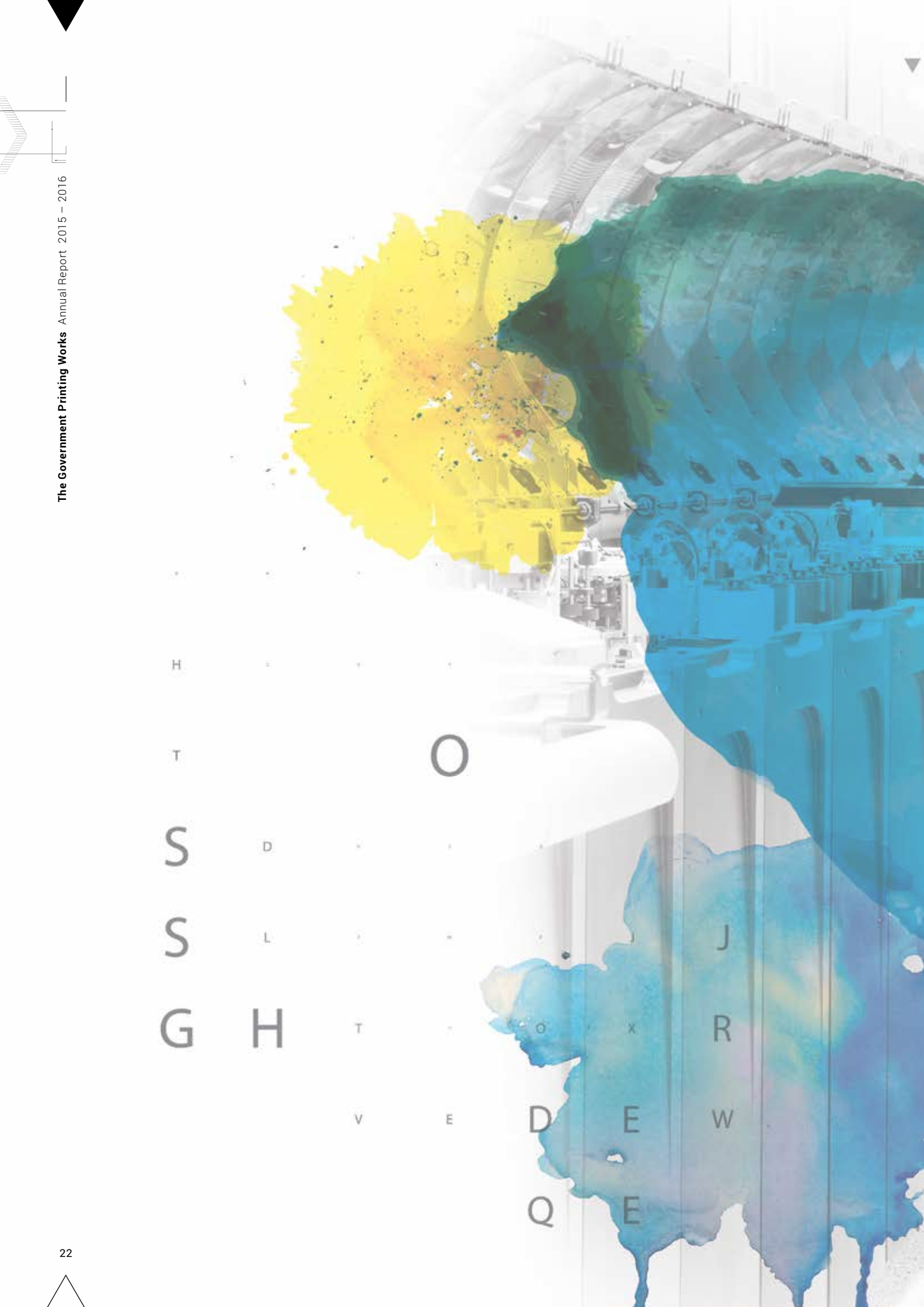
The financial module:

The next focus for the GPW's e-Gazette solution will be on the integration of Gazette operations and the financial systems – to ensure that all notices are verified for payment status both for single notices and the bulk-payment accounts. This involves the execution of the Financial Module – pricing, quoting, invoicing, and more.

Successful implementation of the financial module will accelerate the effectiveness of the GPW's internal processes and further enhance customer service through traceability and debtor relationship management.



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04 HISTORY

History and milestones

The GPW was founded in 1888 and has experienced a rich and varied history, shaping it into the organisation it is today and aims to be in the future. This chapter tells the story from beginning up until now.

HISTORY AND MILESTONES

Originally founded in 1888, the GPW boasts a rich, illustrious – and sometimes challenging – history. In this section, we describe its evolution through the passages of time.

During its rule of the Western Cape region of South Africa from 1652 to 1799, the Dutch East Indian Company did not allow the operation of any printing facilities until its final years of existence in the region.

The first attempt to produce printed matter in the Cape was initiated during 1782 by Governor van Plettenberg, when a ship, transporting money from the Netherlands, was delayed due to poor weather conditions at sea. The resultant shortage of money left the governor with no other option but to produce primitive banknotes on a parchment substrate, as an interim measure.

During 1784, Johann Christian Ritter, a Bavarian born in Bayreuth in 1755, was appointed by the Dutch East Indian Company to assume duties as an artisan bookbinder in the Cape. On a small printing press, he successfully produced a variety of maps for the organisation over the year, leading to the establishment of the first printing plant in the Cape in 1785. Ritter was also appointed as the first printing superintendent. It is thus widely accepted that Ritter is the founder of the printing industry in the Republic of South Africa.

A number of other artisans joined Ritter's printing company in the following years and, although a variety of printed matter – such as government notices, handbills and other documents – was produced, printing facilities remained limited until 1800 when Walker & Robertson, a prominent slave trading company, imported a complete set of printing machines and support equipment.

This was installed in February 1800 at the company's premises situated at 35 Plein Street in Cape Town. Subsequently, the company was appointed by Governor Yonge as the sole supplier of government printed matter in the Cape colony. Yonge also authorised the company to produce a weekly gazette, which commenced circulation with effect from 1 August 1800, known as the "Kaapsche Stads Courant". This publication was the predecessor to what is known as today's "Government Gazette".

Following his appointment as the new governor of the Cape colony during 1801, Major-General Dundas monopolised all government and commercial printing and subsequently issued an order of attachment on the printing facility of Walker & Robertson. On 8 October 1801, the entire printing works was moved to the Castle and the first Government Printing Works (GPW) was established under the supervision of Sir John Barrow, a government official who also served as accounts auditor of the Cape colony. Barrow retained this position until the British reoccupied the Cape during 1806, when George Ross was appointed the superintendent of printing.

HISTORY AND MILESTONES

The first apprentice to learn and complete a printing trade in South Africa was BJ van der Sandt, who enrolled at the printing facility during 1811 and remained there until retirement age, eventually also being appointed as the superintendent of printing.

The year of 1824 saw a fierce battle break out between the governor, Lord Charles Somerset, and a group of determined Scotsmen, comprising George Greig, a printer who originated from the King's Printing Office in Shacklewell, Thomas Pringle, who was an 1820 settler, and John Fairbairn, a prominent South African journalist. The struggle was an attempt by the group to break the government's monopoly on printing and establish a free press, one that continued for the next five years, which culminated in Sir Lowry Cole's 1829 declaration of a free press in South Africa.

The declaration saw an immediate increase in the number of commercial printers, with printing facilities being established in places such as Grahamstown, Port Elizabeth, Bloemfontein and Durban, among others. As a result, most of the printing presses at the Castle facility were sold during 1829 and the government's printing requirements were divided equally between the printing establishments of George Greig and William Bridekirk.

Bridekirk and his later associate, SJ Mollet, were awarded a 10-year government contract for the production of the Gazette. During 1847, Saul Solomon & Company purchased Bridekirk's printing facility and remained the government's main printing supplier until 1881, when a new company, WA Richards & Sons, obtained the majority of all the government contracts. During this period, printing establishments also expanded to other areas with the northbound movement of pioneers and the establishment of the Republic of Transvaal.

When Marthinus Wessel Pretorius became the president of the Republic of Transvaal in 1856, he invited Cornelius Petrus Moll and Jan Cilliers to establish a printing plant at Potchefstroom. This company produced the first Government Gazette of the Republic on 25 September 1857. However, as Cornelis Moll also utilised the gazette to publish his own editorial viewpoints in opposition to the government's opinion, the president was forced to place the printing facility under direct government control, purchasing it from Moll and Cilliers in September 1859. Whilst Jan Cilliers moved back to the Cape, Cornelius Moll retained his position as printing superintendent, and when the Republic of Transvaal moved its capital from Potchefstroom to Pretoria in 1860, he relocated the entire printing works to Pretoria. Here, it was modernised to the extent that it produced the first postage stamps for Transvaal on 4 April 1879, utilising printing plates and gum-paper from suppliers in Germany.

During 1873, Cornelius Moll's earlier partner, Jan Cilliers, moved back to Pretoria from the Cape and successfully negotiated to purchase the printing works from the government. He then established the plant as a private printing works with contracts to produce printed matter for government, operating from his premises in Church Street, Pretoria, under the name Cilliers and Rous. This position remained unchanged until the annexation of the Republic of Transvaal by the British Empire during 1877, when the British confiscated the printing works and utilised the facility for the provision of local government printed matter. However, when the war broke out, Cilliers managed to lay his hands on old, dilapidated machines, which he repaired sufficiently to continue with the printing of private documents and newsletters. General Piet Joubert continuously collected donations and utilised the funds for upgrading Cilliers' existing rundown machines and to purchase new equipment, thus allowing him to maintain a printing facility of reasonable proportion throughout the war.

After the war ended, the House of Assembly authorised government to establish a proper GPW on 4 July 1888, to procure the necessary equipment for such a plant, and also to appoint printing staff on a permanent basis. In view of this, the printing works, which Cilliers successfully maintained during the war, was purchased by government to serve as a basic facility for further development. On 1 August 1888, the new GPW commenced with its duties under the supervision of PWT Bell, who was appointed as the first government printer in South Africa. The printing works operated from premises situated between Church Street and Bureau Street in the centre of Pretoria, with a staff complement of two clerks, six typesetters and two machine operators.

On the afternoon of 14 March 1891, the building was struck by lightning and subsequently caught fire. Whilst the GPW staff attempted to put out the fire, the chief of local police and the fire chief could not agree on who was in charge of the limited fire fighting equipment. The disagreement quickly turned ugly and the two officials became involved in a fistfight – one that lasted several minutes – in the middle of Church Street. By the time the fire chief finally managed to put the police chief down, the entire GPW building had been completely incinerated. Government decided to rebuild the building and the new structure was completed on 29 May 1891.

Continuous expansion of printing operations during the following years, led to government seeking out alternative premises to house the printing works, with eight stands, located in Koch Street, Pretoria (today Bosman Street), purchased from the late estate of AH Nelmapius during 1894. A tender was awarded to a building contractor, WJ Geerts, to erect the buildings for an amount of 20,940 pounds and construction commenced during the same year.

The building project was completed during 1897, at a final cost of 24,504 pounds, and remains the distinctive red-brick head office of the GPW until this day.

2. From 1976 to 2008

In 1976, the GPW was established as a trade account. This meant that it had to operate on regular business principles and since then, financial viability of the institution thus depended entirely on the GPW's ability to generate sufficient revenue from services rendered to defray all its operational and capital expenditure. Being functionally charged with the rendering of inter-departmental services, the National Treasury directed the trade account's operations within the following framework: meeting its mandate required the GPW to make a substantial investment in sophisticated equipment and processes, which, if restricted to the production of security printed matter only, would not be utilised economically and thus it was considered imperative that other related services also be rendered by the GPW to ensure optimum utilisation of the institution's internal capacity.

In view of this, the National Treasury directed that government institutions be obliged to source all of their printing related services only from the GPW.

This arrangement established the GPW as a centralised national printing facility with a stable customer base, ensuring optimum utilisation of its infrastructure by rendering security printing services as well as related non-security services to government institutions.

Following the 1994 general election, all printing facilities of the former independent states and self-governing territories were allocated to the GPW. The new political dispensation implied that South Africa had six printing facilities and the GPW, operating on business principles, had to absorb all of them, resulting in a substantial duplication of personnel and equipment. Given this untenable situation, cabinet was approached with a recommendation that the Department of Home Affairs be authorised to re-organise and rationalise government's printing functions. Cabinet approved this recommendation on 24 February 1996.

Upon completion of its investigation, the Department of Home Affairs submitted a cabinet memorandum with recommendations that certain printing facilities, such as the Umtata Printing Works, be closed down, whilst others be restructured to serve as provincial offices of the GPW.

The restructuring process resulted in the GPW's head office in Pretoria with regional offices in Polokwane, Mmabatho, East London and Cape Town respectively.

3. From 2008 to present day

During 2008, the GPW prepared a business case to propose its conversion to a government component. During September 2008, this business case was presented to a joint panel (the National Treasury, Department of Public Service and Administration and the Department of Home Affairs), which was then approved by the Ministers of Finance, Home Affairs and Public Service and Administration respectively. Emanating from this process, the GPW was established as a government component on 9 October 2009 (refer Government Gazette 32616 dated 9 October 2009).

In 2013, the GPW completed its three-year transition to becoming a government component and to date continues to fulfil a key role into the future as government's "security printer of choice". This year also saw the organisation take on a pivotal role in the rollout of the Department of Home Affairs sophisticated smart ID card.

GPW

TIMELINE

1782



1782

Governor van Plettenberg is forced by a shortage of money to make the first attempt to produce printed matter in South Africa.

1785

Johann Christian Ritter's successful attempts at producing maps for the Dutch East Indian Company result in his appointment as South Africa's first printing superintendent.

1800



1800

The "Kaapse Stads Courant", known as the first Government Gazette, is produced by Walker & Robertson.

1801

The first GPW is established at the Castle under Sir John Barrow.

1811

BJ van der Standt enrolls as the first printing trade apprentice.

1850



1829

Sir Lowry Cole declares a free press in South Africa, and William Bridekirk is awarded a 10-year government contract for the production of the Gazette.

1857

Cornelius Petrus Moll and Jan Cilliers produce the Republic of Transvaal's first Government Gazette.

1859

The president of the Republic of Transvaal places the printing facility under government control, purchasing it from Moll and Cilliers, while Moll retains position as printing superintendent.

1860

Moll moves printing works to Pretoria.

1877

The British Empire annexes the Republic of Transvaal, confiscating the printing works.

1891

The GPW is struck by lightning and burns to the ground, but is rebuilt by government.

1976

The GPW is established as a trade account.

2009

The GPW is established as a government component.

1888

The House of Assembly authorises government to establish a proper GPW.

1894

The GPW's continuous expansion leads to the purchase of eight stands on today's Bosman Street in Pretoria.

1994

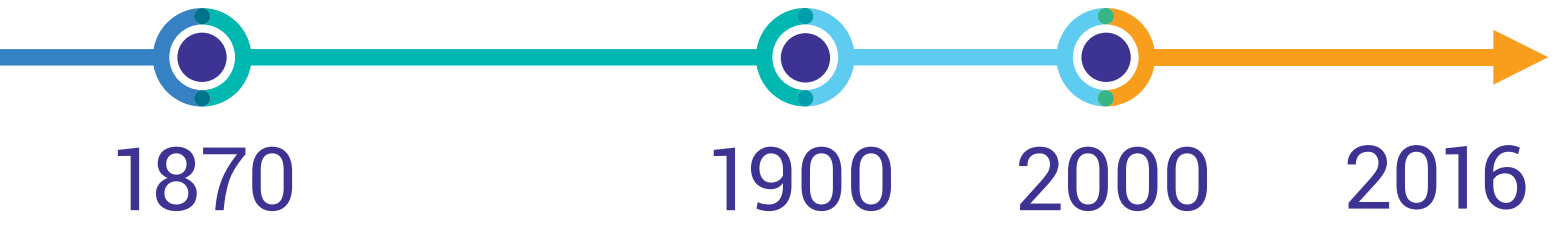
All printing facilities of the former independent states and self-governing territories are allocated to the GPW.

2013

The GPW is appointed by the Department of Home Affairs to assist with the rollout of South Africa's state-of-the-art smart ID card.

1996

The GPW is restructured.



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05

FUTURE

Our future

In the printing industry, technology and customer service play a vital role in staying ahead of the competition. For this reason, the GPW embarked on deploying the latest software and hardware, as well as ensuring that it meets its clients' deadlines in an efficient and effective manner.

OUR FUTURE

Facilities modernisation programme

In line with the GPW's quest to be a progressive print and media company, its facilities modernisation programme has developed satisfactorily over the past financial year. The programme consists of the following two main developments:

1. Pavilion 3 development

The new development will, upon completion in July 2017, provide accommodation for the GPW's numerous new technologies and processes, which include, amongst others, a secure examination production facility, an extension to the existing high security printing facility, and a mechanised travel and identity document sorting and dispatch centre.

The estimated cost of the project remains at R320 million, and architecturally merges the legacy and structures of the heritage building with a new and modern addition.

2. Master plan project

The new development will, upon completion in 2020, comprise the remaining development of the Visagie Street site, and incorporate the adjacent vacant land known as the Minnaar Street site. This fulfils the total spatial requirements of the GPW, allowing it to consolidate its entire operation in one precinct, and enables the transition from the legacy Bosman Street site.

The new GPW precinct will consist of a number of designated function-oriented campuses, made up of self-contained and product-oriented processing centres, which will allow for secure, efficient and high quality business operations.

The cost associated with the master plan project is estimated at R850 million, and is presently being executed by the Department of Public Works on behalf of the GPW.

Equipment modernisation programme

The GPW intends to continue with the equipment modernisation programme in support of its strategic plan. In this regard, the following is highlighted:

1. New dispatch centre

Once the Pavilion 3 construction project has been completed, the GPW plans to implement a mechanised dispatch centre within the building, targeting the distribution of both smart ID cards and travel documents. The automated process will allow the GPW to promptly sort products for direct delivery to the courier service provider, thereby efficiently supporting the Department of Home Affairs to improve on its turnaround time and its service delivery to citizens.

2. Examination production facility

The facility will house the GPW's new mechanised examination sorting and packaging equipment. This new development will enable the GPW to provide examination services of high integrity, including accountable track-and-trace capabilities, by the elimination of current multiple manual processes.

3. High security printing

The GPW currently utilises a modern web-fed printing press for security documents such as birth certificates, visas, and others. An increase in demand for products of this nature has necessitated the acquisition of additional printing capacity. During the 2016/17 financial year, the GPW will embark on a competitive bidding process to acquire such capacity, designated for commissioning upon completion of the Pavilion 3 development.

4. Perfect bookbinding line

The GPW's ageing perfect bookbinding line had deteriorated to an extent where it could no longer serve as a reliable production resource. It was subsequently decommissioned, and a new high-speed production line was acquired and commissioned during the 2015/16 financial year. The new production line enables the GPW to meet the ever increasing demand for perfect-bound products such as educational books, government reports and other related soft cover books.

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06

CAREERS

Careers at the GPW

The GPW understands that people play a critical role in the organisation's growth and in it fulfilling its vision. It thus places a strong focus on training and development while striving to be an employer of choice in the printing industry.

CAREERS AT THE GPW

The 2015/16 financial year saw a proactive effort placed on human resources development, illustrated by 1,846 training days, mainly focusing on diversity, apprentice training, leadership development with a special focus on human resources policies.

“The GPW acknowledges that people play a critical role in the organisation’s growth and in it fulfilling its vision. It therefore places a strong focus on training and development while striving to be an employer of choice in the printing industry.”

The GPW has developed a harmonious work environment, created by a workforce that adheres to the core values of the organisation. Grievances were addressed on time and only two were outstanding. Employee turnover was only at 4.1 percent, which is below the industry norm. Furthermore, the GPW is pleased to report that four employees achieved 40 years of service and four employees, 30 years.

As far as possible, strategic positions in the organisation were filled, most notably the position of general manager: human resources and other senior positions within the operations and production branch. However, as per the previous year under review, one of the major challenges experienced by the GPW was the recruitment and retaining of scarce skills. New alternatives are nevertheless continuously being investigated. In line with this, a skills audit was conducted which will be used for future human resources planning and strategies

Focus was placed on the improvement on the application of performance management and good progress in this regard has been made. Further demonstrating its focus on employees, the GPW continuously revisits its human resources policies and procedures in order to achieve its strategy of becoming an ‘employer of choice’ in the printing industry.

The employee ‘Wellness Day’, founded in April 2013, is now firmly established and managed by the employee wellness officer. All employees are encouraged to take part in health and risk assessments and to fully make use of the services offered.

Further to the GPW’s goals of managing human resources in totality, all objectives set for 2015/16 were fully achieved, and the human resources business unit continues to render solid services to each GPW department.

Financials

The GPW Annual Financial statements and reports for the year ended 31 March 2016.

07

FINANCIALS

INDEX

The reports and statements set out below comprise the annual financial statements presented to the accounting officer:

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Accounting Officer report

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Report of the Auditor-General

▶ Page 49

Statement of profit or loss and other comprehensive income

▶ Page 50

Statement of financial position

▶ Page 51

Statement of changes in net assets

▶ Page 52

Statement of cash flows

▶ Page 53

Accounting policies

▶ Page 60

Notes to the annual financial statements

REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder during the year under review. The contracts of all members ended during the financial year as listed below.

Five (5) meetings took place during the year and attendance was as follows:

Member	Position	Comment	Meetings held	Meetings attended
Mr. SAH Kajee	Chairperson (Current)	First term as a member ended 31/12/2015. Re-appointed as a Chairperson from 01/01/2016.	5	5
Mr. AM Amod	Member	First term ended 31/12/2015. Re-appointed from 01/01/2016.	5	4
Ms. PM Sedite	Chairperson (Past)	Second term contract ended 31/01/2016.	5	5
Ms. M Strydom	Member	Second term contract ended 30/09/2015.	5	4
Mr. SL Ndaba	Member	Second term contract ended 30/09/2015.	5	4

Two new appointments were made with effect from 01st February 2016 as listed below. The five meetings that took place during the year occurred before the appointments of these members.

Member	Position	Comment	Meetings held	Meetings attended
Ms. P Mangoma	Member	New appointment	n/a	n/a
Mr. D Fredericks	Member	New appointment	n/a	n/a

Audit Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 38(1)(a) of the Public Finance Management Act, No.1 of 1999 as amended, and Treasury Regulations 3.1. We further report that we conducted our affairs in compliance with this charter and have discharged all our responsibilities as contained therein.

The Audit Committee Charter is reviewed annually and complies with principles of good governance and with the requirements of the above mentioned Act and Regulations.

The effectiveness of internal control

Our review of the findings of the Internal Audit work, which was based on the risks identified in the risk register revealed certain weaknesses in some areas. However, we also note a significant improvement in the overall environment as evidenced by the unqualified audit pronounced by the Auditor-General in its audit report of the Government Printing Works

Based on our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), we can conclude that the system of internal control as applied over financial and non-financial matters and enterprise risk management at GPW is satisfactory.

The Committee has noted management's commitment to address the lack of control effectiveness where they exist. The Committee will be monitoring management's progress in resolving these issues on a regular basis.

Internal audit

We are satisfied that the internal audit function has operated effectively, in that it has addressed the risks pertinent to the GPW in its audits and has assisted the GPW with value adding services to ensure that both financial and operational objectives are achieved.

Evaluation of financial statements

We have reviewed the financial statements and the report of progress made against pre-determined objectives and recommended them to the Accounting Officer for approval to submit for audit to Auditor-General South Africa.

We further have:

- ▶ Reviewed the Auditor-General South Africa's management report and management's response thereto.
- ▶ Reviewed and discussed the audited annual financial statements due to be included in the annual report with the Auditor-General South Africa's and the Accounting Officer's reports.
- ▶ Reviewed the component's processes for compliance with legal and regulatory provisions.

In-Year Management and Monthly/ Quarterly Reporting

The Audit Committee is satisfied with the content and quality of the quarterly in year monthly and quarterly performance reports issued during the year under review by the Accounting Officer of the Government Component in terms of the Treasury Regulations.

Report of the Auditor-General of South Africa (AGSA)

We have reviewed the Government Printing Work's implementation plan for audit issues raised in the prior year. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA will continue to be monitored by the Audit Committee on a quarterly basis.

The Audit Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements, and proposes that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General of South Africa.

The Audit Committee congratulates the Government Printing Works on achieving an unqualified audit opinion.

Appreciation

The Audit Committee wishes to acknowledge the dedication and work performed by the Accounting Officer, Management and Officials of the GPW.

The Audit Committee expresses its appreciation to the Accounting Officer, Management team, and the Auditor-General for their contribution to fulfill our obligations.



MR. SAH KAJEE

Chairperson of the Audit Committee

29 July 2016

ACCOUNTING OFFICER'S RESPONSIBILITIES & APPROVAL

The Accounting Officer is required in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice except where it is directed by National Treasury and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal control established by the entity and places considerable importance on maintaining a strong control environment. The Accounting Officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that

in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer has reviewed the company's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 49 to 71, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 May 2016.



PROF AD MBEWU

Pretoria

31 May 2016

ACCOUNTING OFFICER'S REPORT

Product	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Passports	820,237	742,142	656,600	627,152	707,384
Smart ID cards	2,413,929	1,660,280	134,867	–	–
Green ID books	545,507	920,835	1,884,326	1,995,421	2,395,393
Examinations (books)	15,813,805	21,208,146	21,902,988	16,518,188	26,538,274
Gazettes (editions published)	3,115	2,579	2,573	2,384	2,180
Gazettes (pages published)	167,507	109,180	109,250	105,120	97,110

The Government Printing Works (GPW) had a very productive and successful year in 2015/16, and has completed the transitional phase from establishment of the government component in 2009 to the imminent formation of the state owned company (SOC) in 2016/17. In this regard, the Minister appointed an advisory council in 2015 to steer the GPW towards becoming an SOC. A draft State Printer's Bill has been prepared, and a business case is being scrutinised by the Department of Home Affairs, National Treasury, and the Department of Public Service and Administration. The Bill will be promulgated in the 2016/17 financial year and the SOC will be established during the 2017 calendar year. This will enshrine in legislation the GPW's position as government's security printer of choice.

The three strategic objectives of the GPW for the 2017 – 2021 periods are:

- ▶ To further develop the government component organisation to become a state owned enterprise.
- ▶ To optimise processes and facilities to increase operational effectiveness and improve customer service.
- ▶ To have an efficient, effective and well-trained/developed workforce and special remuneration dispensation for the government component.

Of the targets set in the 26 key performance indicators (KPIs) of the annual performance plan for 2015/16, 23 targets were met or exceeded, within the four operative branches of the organisation.

The productivity of the operations and production branch remained high and the quality of its work excellent. In 2015/16, 2,413,929 smart ID cards were produced, bringing the total to 4,219,076 cards since production began in October 2013. It's our understanding that the Department of Home Affairs wants to replace all 38 million green ID books in circulation with smart ID cards over the next five to seven years.

Three new pieces of equipment were procured leaving the GPW on target to complete its 10 year R 800 million asset recapitalisation programme by 2020.

One hundred percent of the 2,413,929 smart ID cards were produced according to customer's specifications, with a total turnaround time for the smart ID card and passport of less than five days. All smart ID cards and most passports are now produced by live capture, minimising the risk of fraud or error. Dispatch of the smart ID cards is now done directly to the courier from the GPW's factory floor. One hundred percent of examination papers were produced according to customers' quality requirements, and within the specified timeframes; and a project to automate the printing and boxing of examination papers is now operational, thereby reducing the risk of leakage of examination papers at production stage.

The call centre for the e-Gazette came on stream in July 2015, and has already achieved a call drop rate below the industry average of three percent.

The GPW achieved a clean audit for 2014/15 and it is hoped to maintain this in 2015/16.

There were no serious security breaches; and no loss or theft of smart ID cards or passports. There were no breaches of ICT security, and ICT systems attained 99.8 percent availability. Turnover exceeded one billion Rand for the first time, having doubled in the last six years; and is set to double again within the next five years.

Conclusion

The GPW is now ready to complete its transition to a SOC. This will give GPW greater operational flexibility, enabling it to pay market related salaries and retain scarce skills in security printing. This is necessary if the GPW is to complete its transformation from a state printer, using ink and paper, to a "print and media company", printing on a variety of media such as paper and polycarbonate; and using ICT in both its internal business and production process, as well as the external products and processes it provides.



PROF AD MBEWU

Accounting Officer

Pretoria, 31 May 2016

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT PRINTING WORKS

Report on the financial statements

Introduction

1. I have audited the financial statements of the Government Printing Works set out on pages 49 to 71, which comprise statement of financial position as at 31 March 2016, statement of profit or loss and other comprehensive income, statement of changes in net assets, and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Printing Works as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Statements of GAAP and the requirements of PFMA.

Report on other legal and regulatory requirements

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

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the trading entity for the year ended 31 March 2016:

- ▶ **Programme 1:**
Production and Operations on pages 75 to 78
- ▶ **Programme 2:**
Strategic management on pages 78 to 81
- ▶ **Programme 3:**
Financial management on pages 81 to 83
- ▶ **Programme 4:**
Human Resources on pages 84 to 86

9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes :
- ▶ Programme 1: Production and Operations
 - ▶ Programme 2: Strategic management
 - ▶ Programme 3: Financial management
 - ▶ Programme 4: Human Resources

Additional matter

12. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

13. Refer to the annual performance report on pages 75 to 86 for information on the achievement of the planned targets for the year.

Compliance with legislation

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

Procurement and contract management

- 15. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1 and deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4.
- 16. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of Treasury Regulations 16A6.3 (a) and the Preferential Procurement Regulations.
- 17. The preference point system was not applied in some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulations 16A6.3(b).
- 18. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations

Expenditure management

- 19. Effective steps were not taken to prevent irregular expenditure, amounting to R32,328,897 as disclosed in note 26 of the AFS, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

Internal control

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

Leadership

21. The accounting officer did not exercise oversight responsibility regarding compliance and related internal controls.

Financial and performance management

22. There is lack of sufficient monitoring and evaluation of controls to ensure adherence to compliance with laws and regulations for purposes of taking corrective action to address deficiencies in timely manner in the trading entity.

Auditor-General

Pretoria
31 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2016 R '000	2015 R '000
Revenue	2	1,138,249	1,013,017
Cost of sales		(632,460)	(602,212)
Gross profit		505,789	410,805
Other income	3	71,446	52,134
Operating expenses	4	(195,464)	(158,123)
Operating profit		381,771	304,816
Interest received		1,363	–
Surplus for the year		383,134	304,816
Total comprehensive income for the year		383,134	304,816

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note(s)	2016 R '000	2015 R '000
Assets			
Non-current assets			
Property, plant and equipment	6	682,541	450,914
Intangible assets	7	33,158	29,883
		715,699	480,797
Current Assets			
Inventories	8	227,771	196,450
Trade and other receivables	9	309,125	349,304
Cash and cash equivalents	10	1,411,006	1,316,230
		1,947,902	1,861,984
Total assets		2,663,601	2,342,781
Net assets and liabilities			
Net assets			
Capital fund	11	1,439,554	1,134,738
Surplus distributable to National Treasury		383,134	304,816
		1,822,688	1,439,554
Liabilities			
Non-current liabilities			
Deferred income	12	633,641	702,355
Current liabilities			
Trade and other payables	13	202,901	197,021
Provisions	14	4,371	3,851
		207,272	200,872
Total liabilities		840,913	903,227
Total net assets and liabilities		2,663,601	2,342,781

STATEMENT OF CHANGES IN NET ASSETS

	Capital fund R '000	Surplus distributable to National Treasury R '000	Net assets R '000
Balance at 01 April 2014	985,051	149,687	1,134,738
Profit for the year	–	304,816	304,816
Transfer of treasury approved surplus to capital fund	149,687	(149,687)	–
Total changes	149,687	155,129	304,816
Balance at 01 April 2015	1,134,738	304,816	1,439,554
Profit for the year	–	383,134	383,134
Transfer of treasury approved surplus to capital fund	304,816	(304,816)	–
Total changes	304,816	78,318	383,134
Balance at 31 March 2016	1,439,554	383,134	1,822,688

STATEMENT OF CASH FLOWS

	Note(s)	2016 R '000	2015 R '000
Cash flows from operating activities			
Cash receipts from contributors and other sources		1,340,982	1,023,388
Cash paid to suppliers and employees		(920,866)	(821,663)
Cash generated from operations	15	420,116	201,725
Interest income		1,363	–
Net cash from operating activities		421,479	201,725
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(314,911)	(168,442)
Acquisition of intangible assets	7	(11,792)	(15,011)
Net cash from investing activities		(326,703)	(183,453)
Total cash movement for the year		94,776	18,272
Cash at the beginning of the year		1,316,230	1,297,958
Total cash at end of the year	10	1,411,006	1,316,230

ACCOUNTING POLICIES

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with South African Statements of General Accepted Accounting Practice, and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The Government Printing Works (GPW) concluded that the annual financial statements present fairly the entity's statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow.

These accounting policies are consistent with the previous year, except where the government component has adopted certain new and amended South African Statements of Generally Accepted Accounting Standards.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- ▶ It is probable that future economic benefits associated with the item will flow to the entity; and
- ▶ The cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of

property, plant and equipment, the carrying amount of the replaced part is de-recognised.

Cost or revaluation

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful life. Depreciation of an asset commences when the asset is ready for its intended purpose.

Profits and losses arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognised in the statement of comprehensive income in the period in which they occur.

The annual depreciation rates are based on the following estimated asset lives:

Item	Useful life
Land	Indefinite
Buildings	20 years
Leasehold improvements	20 years
Plant and equipment	1-10 years
Office furniture	6 years
Motor vehicles	5 years
Computer equipment	3 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

De-recognition

The entity de-recognises an item of property, plant and equipment only when the contractual rights to the cash flows from the property, plant and equipment expires, or when it transfers the property, plant and equipment and substantially all the risks and rewards of the ownership thereof to another entity.

1.2 Intangible assets

An intangible asset is recognised when:

- ▶ It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- ▶ The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and comprise of software.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- ▶ It is technically feasible to complete the asset so that it will be available for use or sale;
- ▶ There is an intention to complete and use or sell it;

- ▶ There is an ability to use or sell it;
- ▶ It will generate probable future economic benefits;
- ▶ There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- ▶ The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Intangible assets are amortised on a straight-line basis over its anticipated useful life. Amortisation of an intangible asset commences when the asset is ready for its intended purpose.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Item	Useful life
Computer software	5 years

1.3 Financial assets and liabilities

1.3.1 Initial recognition

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments comprise of trade and other receivables, trade and other payables, cash and cash equivalents.

Financial instruments classified as loans and receivables are recognised as assets when the entity becomes a party to the contract and as a consequence has a legal right to receive cash.

1.3.2 Profit and losses and fair value adjustments

Profits, losses and fair value adjustments on financial instruments through surplus or deficit, both realised and unrealised are included in the statement of profit and loss and comprehensive income.

1.3.3 De-recognition

A financial asset is de-recognised when the entity loses control over the contractual rights that compromises the asset and consequently the substantive risk and benefits associated with the asset are transferred. This occurs when the rights are realised, expired or are surrendered.

The financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of profit and loss and comprehensive income.

1.3.4 Interest

Interest income is recognised in the statement of profit and loss and comprehensive income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition of origination date. Interest income includes amortisation of any discount or premium or any other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

1.3.5 Trade and other receivables

Trade receivables are recognised initially at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when management believes that the

asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within operating expenses. The amount of the allowance is calculated in accordance with the doubtful debt policy of the GPW. When a trade receivable is irrecoverable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of profit and loss and comprehensive income.

Trade and other receivables are classified as loans and receivables.

1.3.6 Trade and other payables

Trade payables are initially and subsequently measured at fair value.

1.3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held and owed by Paymaster General. These are initially and subsequently recorded at fair value.

1.4 Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss and comprehensive income on a straight-line basis over the period of the lease, except where it is immaterial in relation to the total lease payments and where variable escalation forms part of the payments.

Operating leases are those leases that do fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value, determined on standard cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the

period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Impairment of assets

The entity assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If there is any indication that assets may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in profit or loss.

The increased carrying amount of assets attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in profit or loss.

1.7 Retirement benefits

1.7.1 Pension funds

The GPW contributes to the Government Employees Pension fund in respect of employer's contribution to the Fund, as prescribed by law and therefore recognised as an expense in the accounting period. No provision is made for pension retirement benefits in the financial statements of the GPW as the pension scheme is administrated by National Treasury. Once the employee leaves the GPW, he/she becomes a pension member under the auspices of the National Treasury and has no relationship with the GPW.

1.7.2 Medical benefits

The GPW provides medical benefits for its employees in accordance with Public Service conditions of service benefits. These benefits are funded by employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is therefore made for medical benefits in the financial statements of the GPW. The GPW does not bear any responsibility for medical benefits for employees who have retired.

1.7.3 Termination benefits

Termination benefits are recognised and expensed only when payment is made and the actual costs are reflected. These benefits are pro rata leave and pro rata service bonus when an employee resigns or when an employee retires.

ACCOUNTING POLICIES CONTINUED

1.8 Provisions

Provisions are recognised when:

- ▶ The entity has a present obligation as a result of a past event;
- ▶ It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- ▶ A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions shall not be recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.9 Conditional grants and receipts

Government grants are recognised when there is reasonable assurance that:

- ▶ The entity will comply with the conditions attached to them; and
- ▶ The grants will be received.

The deferred income relating to grants is recognised on the following basis:

Capital contributions on plant and equipment: The deferred income will be credited to the statement of profit and loss and comprehensive income over the useful life of the asset starting when the asset is brought to use.

1.10 Revenue recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ▶ The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ▶ The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- ▶ The amount of revenue can be measured reliably;
- ▶ It is probable that the economic benefits associated with the transaction will flow to the entity; and
- ▶ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

1.11 Interest income

Interest is recognised on a time-proportion basis using the effective interest method.

1.12 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No. 01 of 1999), the Treasury Regulations issued in terms of the Act or in contravention of the entities supply chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as expenditure in the statement of profit and loss and comprehensive income and where recovered, it is subsequently accounted for as revenue in the statement of profit and loss and comprehensive income.

1.13 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of profit and loss and comprehensive income and where recovered, it is subsequently accounted for as revenue in the statement of profit and loss and comprehensive income.

1.14 Translation of foreign currencies

Foreign currency transactions

The functional and presentation currency of the GPW is the South African Rand. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency, being the South African Rand, at exchange rates ruling at the date of the statement of financial position.

Exchange differences arising on the settlement of transactions, at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the statement of profit and loss and comprehensive income.

1.15 Significant judgements, estimates and assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: allowance for impairment of trade and other receivables, allowance for slow moving inventory, residual values, useful lives and depreciation methods, employee obligations and asset impairment tests.

Other judgements made relate to classifying financial assets and liabilities into categories.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R '000	2015 R '000
2. Revenue		
Revenue	1,138,249	1,013,017
3. Other income		
Bad debts recovered	327	588
Discount received	2,405	2,613
Deferred income	68,714	44,607
Gain on exchange differences	–	4,281
Profit on disposal of assets	–	45
	71,446	52,134
4. Operating expenditure		
Administration and management fees	27,669	26,941
Auditors remuneration	4,966	5,570
Bad debts written off	20	861
Depreciation and amortisation	6,447	11,908
Employee costs	84,096	76,312
Loss on disposal of assets	2	–
Loss on exchange differences	846	–
Other operating expenditure	63,442	53,069
Provision for impairment of trade and other receivables	7,976	(16,538)
	195,464	158,123
5. Surplus for the year		
The following items have been charged in arriving at surplus for the year		
Depreciation	83,282	60,248
Amortisation	8,517	4,369
Auditors' remuneration	4,966	5,570
	96,765	70,187

6. Property, plant and equipment	2016 R '000			2015 R '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	20,129	–	20,129	–	–	–
Buildings	29,129	(1,456)	27,673	–	–	–
Plant and equipment	944,307	(489,673)	454,634	755,475	(424,529)	330,946
Office furniture	19,110	(15,635)	3,475	18,410	(14,353)	4,057
Motor vehicles	880	(880)	–	880	(880)	–
Computer equipment	88,018	(69,733)	18,285	74,819	(58,999)	15,820
Leasehold improvements	107,193	(19,169)	88,024	114,679	(14,588)	100,091
Capital - work in progress	70,321	–	70,321	–	–	–
Total	1,279,087	(596,546)	682,541	964,263	(513,349)	450,914

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	–	20,129	–	–	–	20,129
Buildings	–	29,129	–	–	(1,456)	27,673
Plant and equipment	330,946	188,832	–	–	(65,144)	454,634
Office furniture	4,057	787	(2)	–	(1,367)	3,475
Computer equipment	15,820	13,200	–	–	(10,735)	18,285
Leasehold improvements	100,091	17,228	–	(24,715)	(4,580)	88,024
Capital - work in progress	–	45,606	–	24,715	–	70,321
Total	450,914	314,911	(2)	–	(83,282)	682,541

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Plant and equipment	236,131	134,168	(39,353)	330,946
Office furniture	4,357	1,259	(1,559)	4,057
Computer equipment	25,604	5,253	(15,037)	15,820
Leasehold improvements	76,628	27,762	(4,299)	100,091
Total	342,720	168,442	(60,248)	450,914

Capital commitments

The GPW is committed to incur capital expenditure of R221,542 thousand (2015: nil) with regard to leasehold improvements and R31,517 thousand (2015: R87,539 thousand) with regard to property, plant and equipment.

	2016			2015		
	R '000			R '000		
7. Intangible assets	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software, internally generated	44,474	(19,139)	25,335	37,356	(10,623)	26,733
Intangible assets under development	7,823	–	7,823	3,150	–	3,150
Total	52,297	(19,139)	33,158	40,506	(10,623)	29,883

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software, internally generated	26,733	–	7,119	(8,517)	25,335
Intangible assets under development	3,150	11,792	(7,119)	–	7,823
Total	29,883	11,792	–	(8,517)	33,158

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software, internally generated	14,566	11,862	4,674	(4,369)	26,733
Intangible assets under development	4,674	3,150	(4,674)	–	3,150
Total	19,240	15,012	–	(4,369)	29,883

	2016 R '000	2015 R '000
8. Inventories		
Raw materials, components	190,930	154,513
Work in progress	2,457	4,665
Finished goods	31,373	35,067
Consumables	4,738	3,960
Subtotal	229,498	198,205
Inventories (write-downs)	(1,727)	(1,755)
	227,771	196,450

Inventories are valued consistent to previous years as stated in note 1.5. During the year under review, a decrease in the provision for slow moving and obsolete stock amounting to R28 thousand (2015: increase of R1,146 thousand) was passed. Slow moving and obsolete stock amounting to R716 thousand (2015: R1,431 thousand) were written off during the current financial year.

	2016 R '000	2015 R '000
9. Trade and other receivables		
Trade receivables	273,739	259,035
Other receivables	35,386	90,269
	309,125	349,304

Included in other receivables are the following: Incapacity leave of R27 thousand (2015: R133 thousand) and VAT of R10,779 thousand (2015: R6,473 thousand).

At the 31st of March 2015, the GPW was in the process of purchasing an office building, Erf 3265, Pretoria, for the amount of R49,000 thousand. The purchase price, paid into the Attorneys' trust account, was included under other receivables for 2015 as transfer of ownership was only registered in the deeds office on the 1st of April 2015.

The GPW considers that the carrying amount of trade and other receivables approximates to their fair value. Concentrations of credit risk with respect to trade receivables are limited due to the majority of receivables being owed by Government departments. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the group's trade receivables.

Trade and other receivables impaired

As at 31 March 2016 trade and other receivables in the amount of R 22 120 thousand was considered to be impaired and an increase in the provision for doubtful debts of R 7 976 thousand was passed in the current financial year.

Reconciliation of provision for impairment of trade and other receivables

	2016 R '000	2015 R '000
Opening balance	14,968	31,861
Provision adjustment	7,976	(16,538)
Less: Utilised	(824)	(355)
	22,120	14,968

The creation and release of provision for impaired receivables have been included in operating expenditure in the statement of profit and loss and comprehensive income (note 4). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016 R '000	2015 R '000
Cash on hand	62	37
Bank balances	32,320	22,040
Paymaster General	1,378,624	1,294,153
	1,411,006	1,316,230

11. Capital fund

	2016 R '000	2015 R '000
Balance at the beginning of the year	1,134,738	985,051
Transfer of the National Treasury approved surplus	304,816	149,687
	1,439,554	1,134,738

The capital fund originated through the transfer of net surplus in previous years after the approval of the National Treasury was obtained for the necessary transfers. The purpose of the fund is the financing of the operations and capital expenditure of the GPW .

12. Deferred income

For the financial year under review, the GPW did not receive any contribution from National Treasury. The deferred income relating to previous years' contributions towards the transformation of the GPW, including the procurement of new production equipment, will be credited to the statement of profit and loss and comprehensive income over the useful life of the asset starting when the asset is brought to use.

	2016 R '000	2015 R '000
Opening balance	702,355	746,962
Deferred income realised through depreciation and appropriation	(68,714)	(44,607)
Closing balance	633,641	702,355

13. Trade and other payables

	2016 R '000	2015 R '000
Trade payables	147,256	125,095
Other payables	50,268	66,811
Accrued expense – leave pay	5,377	5,115
	202,901	197,021

Included in other payables are the following: Unallocated deposits of R37,348 thousand (2015: R19,632 thousand), and Debtors with credit balances of R1,266 thousand (2015: R799 thousand).

Management consider that the carrying amount of trade and other payables approximates their fair value.

The entity changed its leave policy in 2002 due to the new dispensation. The entity capped all employees' unused leave from the previous years prior to June 2000, limiting employees to take such leave during their working life at the entity under specific conditions. Capped leave is payable, based on the salary notch at the date of termination, which is only applicable if the termination of service is as a result of retirement, ill-health, death and specific leave conditions.

Accrued leave pay

	2016 R '000	2015 R '000
Opening balance	5,115	5,027
Movement	262	88
	5,377	5,115

14. Provisions**Reconciliation of provisions - 2016**

	Opening balance	Movement	Total
Service bonus	3,851	520	4,371

Reconciliation of provisions - 2015

	Opening balance	Movement	Total
Service Bonus	3,356	495	3,851

The service bonus payable is based on an employee's monthly salary on date when the bonus is due (month of birth). Bonus payable to employees is only applicable if an employee is still in the service of the entity or else on a pro rata basis in instances of retirement, ill-health and death.

15. Cash generated from operations

	2016 R '000	2015 R '000
Surplus for the year	383,134	304,816
Adjustments for:		
Depreciation and amortisation	91,799	64,616
(Profit) loss on sale of assets	2	-
Interest	(1,363)	-
Movements in provisions	520	494
Changes in working capital:		
Inventories	(31,320)	7,258
Trade and other receivables	40,179	(137,450)
Trade and other payables	5,879	6,598
Deferred income	(68,714)	(44,607)
	420,116	201,725

16. Operating leases

The GPW leases offices under lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under operating leases are as follows:

	Up to 1 year R '000	1 to 5 years R '000	More than 5 years R '000
	4,624	5,773	1,645

17. Depreciation - operating expenditure

	2016 R '000	2015 R '000
Plant and equipment	101	97
Office furniture	585	771
Computer equipment	1,597	6,876
	2,283	7,744
Amortisation - operating expenditure		
Computer software, other	4,164	4,164
Total depreciation - operating expenditure	2,283	7,744
Amortisation - operating expenditure	4,164	4,164
	6,447	11,908

18. Employee benefits

	2016 R '000	2015 R '000
Salaries and wages	137,065	133,383
Employer contributions:		
Pension	12,998	12,070
Housing	5,945	4,722
Medical	9,614	7,259
Public Service Co-ordinate Bargaining Council	7	12
General Public Service Bargaining Council	31	29
	165,660	157,475

19. Emoluments

	2016 R '000	2015 R '000
Chief Executive Officer		
Basic	994	942
Flexible portion of package	858	815
	1,852	1,757
General manager: operations and production		
Basic	942	905
Flexible portion of package	404	390
Leave discounting	49	–
Performance bonus	–	202
	1,395	1,497
General manager: financial services		
Basic	807	767
Flexible portion of package	557	529
Performance bonus	–	106
	1,364	1,402
General manager: human resources		
Basic	494	–
Flexible portion of package	201	–
	695	–

General manager: human resources was appointed on the 1st of September 2015. The director: human resources acted in the absence of a general manager.

	2016 R '000	2015 R '000
Director: human resources		
Basic	252	573
Flexible portion of package	92	258
Leave discounting	28	–
	372	831

20. Remuneration of audit committee members

	2016 R '000	2015 R '000
Audit committee members	484	461

21. Contingencies

In terms of the PFMA, all surplus funds as at year end may be forfeited to National Treasury should an application for retention of surplus funds be denied. The GPW will submit an application to National Treasury for the retention of the surplus funds for the year 31 March 2016. As in previous years the GPW expects that National Treasury will approve the retention of the surplus funds.

22. Related parties

Related party balances

	2016 R '000	2015 R '000
Amounts included in trade receivables regarding related parties		
The DHA	151,739	227,969

Related party transactions

The following transactions pertaining to the major related parties to the GPW are disclosed:

	2016 R '000	2015 R '000
The DHA		
Sales	719,539	567,368

23. Events after the reporting period

Events that occurred after the reporting date, but before the financial statements were authorised for issue, were considered. There were no events that indicated evidence of any adverse or favourable conditions that existed on reporting date that should be adjusted for.

24. Rental of buildings

Certain buildings occupied by the GPW are owned and provided by the Department of Public Works (DPW).

25. Unauthorised expenditure

There was no unauthorised expenditure during the period.

26. Irregular expenditure

	2016 R '000	2015 R '000
Opening balance	–	173
Add: irregular expenditure - current year	32,329	–
Less: amounts condoned	–	(173)
	32,329	–
Less than three quotations obtained and reason for deviation not justifiable	1,005	–
Goods not procured through competitive bidding	5,464	–
Quotations not evaluated using the prescribed preferential points system	911	–
B-BBEE points awarded without verification of supporting documentation	24,949	–
Irregular expenditure - current year	32,329	–

27. Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure during the period.

28. Gifts and donations

No gifts and donations were made during the period.

29. Ex-gratia payments

	2016 R '000	2015 R '000
Payments made during the period	8	16

30. Financial instruments

General

The GPW's activities expose it to a variety of risks. This section summarises these risks and the manner in which the GPW manages them.

Categories of financial instruments

	2016 R '000	2015 R '000
Financial assets		
Cash and bank balances	1,411,006	1,316,230
Trade receivables	273,739	259,035
Financial liabilities		
Trade payables	147,256	125,095

Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The GPW can't expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the GPW is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff education and assessment processes and financial processes.

Price risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Fair value

At 31 March 2016, the carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximated their fair values due to the short term maturities of these assets and liabilities.

Credit risk

The GPW sells to government departments, state organs and the general public. It does not apply the credit management policies in a normal trading environment due to the fact that credit sales are only to government departments. Sales to the general public are either on a pre-paid or cash basis.

Currency risk

The entity operates in the Republic of South Africa and is exposed to foreign exchange risk. At year end the GPW had an exposure to the EURO due to agreements for the maintenance and supply of machinery, which contracts were concluded in EURO.

The entity did not hedge for foreign exchange fluctuations on these contracts, due to the utilisation of the Paymaster General account.

Liquidity risk

The entity's exposure to liquidity risk is minimal since the GPW resorts under the auspices of the Department of Home Affairs which is the ultimate responsible party of the GPW .





08

PERFORMANCE

Performance report

This chapter details the GPW's performance indicators, its actual output for the year under review and actual performance against target. It also provides reasons if there is a variance between these measurements.

PERFORMANCE REPORT

Performance Information

Statement of responsibility for Performance Information

The Chief Executive Officer is responsible for the preparation of the public entity's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2016.

GPW's performance information for the year ended 31 March 2016 have been examined by the external auditors and their report is presented on page 45-48.

The performance information of the entity set out on page 75 to page 86 were approved by the Accounting Officer.



PROF AD MBEWU

Chief Executive Officer

Government Printing Works

Performance information by branches

For the year under review, the GPW has used the strategic outcome oriented goals and strategic objectives defined in the strategic plan as a basis to develop the performance indicators and annual targets for the different branches taking guidelines for planning and reporting on performance information issued by the National Treasury.

The GPW business model provides (in addition to compliance functions such as internal audit) for the following four branches:

- ▶ Operations and production
- ▶ Strategic management
- ▶ Financial services
- ▶ Human resources

The performance in the different branches is set out below.

Branch: operations and production

Purpose: To conduct production and technology research and development, the management of production operations, planning and business development, the production of high security printed matter and related services, ensuring that a healthy and safe working environment is provided and to maintain the GPW's production equipment in a state of readiness.

Strategic objectives:

- ▶ Acquire modern production equipment to satisfy all state security printing requirements.
- ▶ Produce security printed materials according to customer requirements and local/international standards.

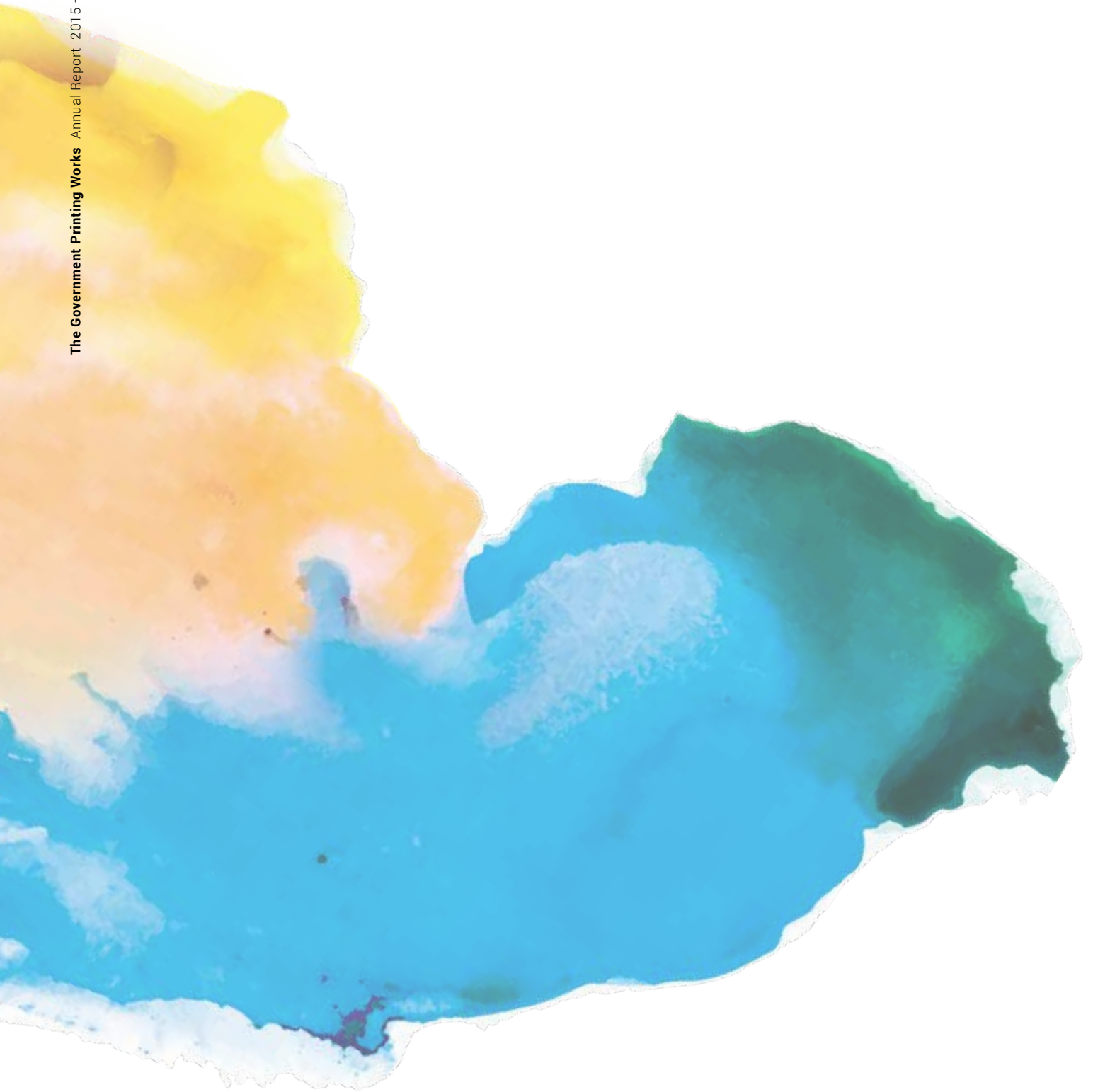
Strategic objectives, performance indicators, planned targets and actual achievements:

The operations and production branch was able to achieve all the targets for the 2015/16 financial year. The branch set the quality target for production in accordance with "world class efficiency" standards. This quality standard was achieved in respect of the Identity cards, travel documents, as well as examination materials delivered. Pertaining to identity cards, this achievement was attained by the GPW with the introduction of in-line, mechanical quality control technology within its card personalisation bureau, thus enabling 100 percent automated inspection.

A new automated examination sorting and packaging line was commissioned during the financial year, which presently supports the GPW's strategy towards accurate packaging and distribution of examination materials.

The operational branch of the GPW is proud to report that zero losses due to criminal activity occurred for identity documents, passports and examination scripts.

The afore-mentioned achievement of the targets contributed directly to the GPW's vision to be the state's mandated security printer and the strategic outcome-oriented goal to optimise processes and facilities to increase operational effectiveness and improved customer service. Performance of the branch is set out in the table below.



Branch: operations and production					
Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Strategic objective: Acquire modern production equipment to satisfy all state security printing requirements.					
Number of equipment items procured.	Six new equipment items procured according to revised recapitalisation plan.	Four new equipment items procured according to the recapitalisation plan.	Five new equipment items procured according to the recapitalisation plan.	Target achieved.	The GPW being mandated to render security printing and related services to government institutions, occasionally gets approached by institutions with requests for specialised services which it cannot render due to a lack of technical capacity. In such event, the GPW has no option other than to respond by acquiring selected items of equipment outside the scope of its planned schedule.
Strategic objective: Produce security printed materials according to customer requirements and local/international standards.					
Identity cards produced according to quality specifications.	Not applicable – performance indicators refined and consolidated.	100 percent of identity documents/ cards distributed conformed to the client's specifications.	100 percent of 2,413,929 identity documents/ cards distributed, conformed to the client's specifications.	Target achieved.	–
Travel documents produced according to quality specifications.	Not applicable – performance indicator refined.	100 percent of travel documents delivered conform to the client's specification.	100 percent of 820,237 travel documents delivered, conformed to the client's specification.	Target achieved.	–
Examination scripts delivered according to quality specifications.	Not applicable – performance indicator refined	100 percent of examination papers delivered conform to the client's specifications.	100 percent of 15,813,805 examination papers delivered, conformed to the client's specifications.	Target achieved.	–

Strategy to overcome areas of under performance

The GPW will continuously review the environment and processes to ensure high quality printing can be maintained.

Changes to planned targets

No changes to planned targets according to the revised approved strategic plan

Branch: strategic management

Purpose: Facilitating the development, alignment and implementation of the strategic plan and related policies and procedures; marketing of the GPW's products and services; the provisioning of information communication and technology services and the rendering of legal services.

Strategic objectives:

- ▶ Secure and protect ICT assets.
- ▶ Availability of ICT services.
- ▶ Optimise ICT service offerings,
- ▶ Coordination and distribution of government information.
- ▶ Aggressive marketing strategy implemented to retain and grow the market.
- ▶ Diversification of product mix within security printing.
- ▶ Development and implementation of a security risk management system to secure and protect the GPW's assets and resources.
- ▶ Assist management to improve organisational operations by providing assurance and consulting services on the adequacy and effectiveness of internal controls, governance and risk management processes.

Strategic objectives, performance indicators, planned targets and actual achievements:

For the 2015/16 year, the focus was on optimising ICT service offerings to stakeholders through initiatives such as the introduction of a contact centre and the implementation of the e-Gazette system.

These initiatives contribute to the strategic outcome orientated goal of optimising processes and facilities to increase operational effectiveness and improved customer service. The ICT unit was also able to provide high availability of applications and high security on infrastructure.

The implementation of the e-Gazette system moved the organisation from paper based processing of the Gazette into the electronic age, where all notices are submitted and processed electronically, up to the publishing of the Gazette online. The outcome of the accomplishment has been the improvement of the Gazette quality as well as performance efficiencies. The implementation of the e-Gazette system was supported by the establishment of the e-Gazette contact centre to provide customer support for enquiries and provision of quotes for the placement of notices.

The implementation of the marketing strategy included exhibitions organised to promote the GPW, not only as the world-class security printer but also as an employer of choice. Among these platforms was the African Union Summit in Addis Ababa, Ethiopia, as well as provincial scholars' exhibitions in Gauteng and KwaZulu Natal to introduce learners to the printing world of the GPW.

The risk-based internal audit plan was approved by the audit committee at the beginning of the financial year 2015/16. This plan was revised in December 2015, where proposed changes were adopted and approved by the audit committee. By the end of the financial year, internal audit had managed to implement 94 percent of the approved plan.

The only strategic objective not achieved relates to the implementation of a security risk management system. However, in the last quarter of the financial year, as part of the implementation of a security risk management system, a security risk management plan was completed and approved. The implementation will be closely monitored during the 2016/17 financial year.

Branch: strategic management					
Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Information Communication Technology (ICT)					
Strategic objective: Secure and protect ICT assets.					
Percentage of security vulnerabilities (detected by security assessments) mitigated.	One security breach.	>99 percent security vulnerabilities mitigated.	100 percent security vulnerabilities mitigated.	Target achieved.	–
Strategic objective: Availability of ICT services.					
Availability of ICT systems.	99.8 percent system availability.	>99 percent system availability.	99.89 percent system availability.	Target achieved.	–
Strategic objective: Optimise ICT service offerings.					
Percentage (number) of ICT services offerings identified implemented.	New indicator.	>80 percent ICT services offerings identified implemented.	83 percent ICT services offerings identified implemented.	Target achieved.	–
Marketing and sales					
Strategic objective: Coordination and distribution of government information.					
Develop and implement e-Gazette system .	e-Gazette go live date was 9 March 2015 .	Implement, review and refine e-Gazette system.	e-Gazette system implemented, including the introduction of the e-Gazette contact centre. System improvement changes implemented as per customer feedback and publishing process requirements.	Target achieved.	–
Strategic objective: Aggressive marketing strategy/implemented to retain and grow the market.					
Number of targeted platforms used to raise and increase awareness of the GPW including new/ improved production capacity and capabilities.	New target.	One targeted platform used to raise and increase awareness of the GPW.	Three main platforms used to raise and increase awareness of the GPW, including: Exhibitions: Budget Vote; TUT North College and KZN for Career Guidance; Sales Exhibition at the African Union. Hosting customer demonstrations: Malawi Government delegation, Knights of Malta delegation, SAMSA, DLRD, SAPS, Namibian delegation, SANCB (ETDP SETA), Botswana Government delegation, Social Development and SASSA Tender bids: IEC tender for Ballot papers (unsuccessful).	Target achieved.	During the financial year, marketing was provided with funding for platforms which enabled the number of achieved platforms to increase.

Branch: strategic management					
Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Strategic objective: Diversification of product mix within security printing.					
Number of new security products developed for customers.	Four new products developed.	One new security product developed.	Two new products developed: – voucher for Department of Rural Development and Land Reform – certificate for DET SETA.	Target achieved.	The sales cycle for a new product often takes longer than a year, frequently with changes among the government decision makers. However in this financial year, the GPW experienced two customers who needed their products implemented urgently and were successful in concluding their requirements and orders within a year.
Security					
Strategic objective: Development and implementation of a security risk management system to secure and protect the GPW's assets and resources.					
Developed and implemented risk management system.	Refine and further develop security risk management system.	Implement security risk management system.	As part of security management system, the security management plan has been approved.	Target not achieved.	The security management plan was approved in the fourth quarter and implementation is scheduled for the 2016/17 year.
Internal audit					
Strategic objective: Assist management to improve organisational operations by providing assurance and consulting services on the adequacy and effectiveness of internal controls, governance and risk management processes.					
Percentage of annual internal audit plan implemented.	94 percent of annual internal audit plan implemented.	85 percent of annual internal audit plan implemented.	94 percent of the revised annual internal audit plan completed.	Target achieved.	Of the 18 audits that were planned for the financial year as per the revised annual plan, Internal Audit managed to carry out 17 of the audits, thus exceeding the initial planned target of 85 percent which equates to an average of 15 audits.

The only target not achieved was the implementation of the security risk management system. However, as part of the security risk management system, the security management plan was approved in the fourth quarter and implementation is scheduled for the 2016/17 year.

Strategy to overcome areas of under performance

The implementation of the security risk management system will be closely monitored to ensure implementation according to the implementation plan.

Changes to planned targets

No changes to planned targets according to the revised approved strategic plan.

Branch: finance

Purpose: Provide financial accounting services; the administering of costing and management accounting; the administering of the supply chain management process and the rendering of logistical support services.

Strategic objectives:

- ▶ Provide quality financial and supply chain management services in compliance with legislation and stakeholder needs to contribute towards financial sustainability.
- ▶ Completed construction of secure facilities.

Strategic objectives, performance indicators, planned targets and actual achievements:

The GPW's financial position is stable and well-controlled and managed, as demonstrated by the achievement of most of the targets set. The two targets not achieved are the 30 percent target construction of Pavilion 3, at 26.8 percent achievement, and the lower than targeted working capital ratio (9.4 vs 10.1).

The GPW commenced, using internal resources, with the development of Pavilion 3, which is scheduled for completion in July 2017. A competitive bidding process was completed for the appointment of a professional team to assist with the design and layout of the remainder of the Visagie Street site. The team has since completed the detailed layout and design of the proposed new facility. The construction tender process is scheduled for completion early in the new financial year. Acquisition of this new facility will enable the GPW operations to continue with its scheduled equipment modernisation programme.

Branch: finance					
Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Strategic objective: Provide quality financial and supply chain management services in compliance with legislation and stakeholders needs to contribute towards financial sustainability.					
Clean audit report.	Maintained unqualified audit opinion for 2013/14.	Maintain unqualified audit opinion.	Maintain unqualified audit opinion for 2014/15.	Target achieved.	–
Operating cost as percentage of revenue.	15.6 percent operating cost as percentage of revenue.	22.6 percent operating cost as percentage of revenue.	17.2 percent operating cost as percentage of revenue.	Target achieved.	The operating cost as a percentage of revenue is lower due to more efficient processes introduced in the organisation as well as the containment of costs in general.
Gross profit margin.	40.6 percent gross profit margin.	27.8 percent gross profit margin.	44.4 percent gross profit margin.	Target achieved.	The much higher than anticipated gross profit margin can be attributed to product sales mix that was different than the planned sales mix, the lower than the planned investment in production assets, more efficient production processes introduced as well as the containment of costs in general.
Debtor collection period.	71 days debtor collection period.	80 days debtor collection period.	75 days debtor collection period.	Target achieved.	Average debtors' days decreased due to improved collections.
Maintain a positive working capital ratio.	9.3	10.1	9.4	Target not achieved.	Current liabilities were higher than those used in the target calculation due to creditors' payments outstanding at the end of the financial year. This is mainly due to additional procurement of raw materials as vendors rationalised their product portfolios. The working capital ratio measures an entity's ability to pay off its current liabilities with current assets. Even though the ratio is less than the target, the actual ratio still indicates a healthy ability to pay off current liabilities with current assets.
Inventory turnover ratio.	4.05 inventory turnover ratio.	3.0 inventory turnover ratio.	5.64 inventory turnover ratio.	Target achieved.	The actual inventory turnover ratio was higher than what was planned due to the product rationalisation by suppliers as well as a more effective planning process.

Branch: finance					
Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
SLA's concluded.	New target.	Conclude SLA's with 10 external customers, 10 suppliers.	Concluded contracts with 10 suppliers and SLA's with 11 customers.	Target achieved.	–
Return on capital investment.	68 percent return on capital investment.	20 percent return on capital investment.	54 percent return on capital investment.	Target achieved.	The much higher than anticipated return on capital investment can be attributed to the lower than the planned investment in production assets, more efficient production processes introduced as well as the containment of costs.
Strategic objective: Completed construction of secure facilities.					
Completed construction of secure facilities.	Pavilion 3 development plan was completed and implemented in respect of the appointment of a professional team and the detailed design of the facility.	Construction of Pavilion 3 30 percent completed. Site development plan for remainder of secure facilities.	Site development plan completed and approved and 26.8 percent of construction of Pavilion 3 concluded.	Target not achieved.	Removal of the existing floors exposed massive concrete blocks beneath. These structures had to be removed before piling could commence, which caused a two week delay. The lost time will be recovered over the remaining construction schedule.

The financial position and results of the GPW reflect a stable and well-controlled environment. Operating costs as percentage of revenue below the target demonstrate the result of various initiatives to cut and control expenditure. The initiatives, together with the introduction of more efficient processes, contributed to the higher than targeted gross profit percentage at 44.4 percent. The GPW was able to maintain a healthy working capital ratio at 9.4 slightly lower than the target of 10.1. This was mainly as a result of higher than targeted creditors' payments outstanding at the end of the financial year. However, the GPW complies with the requirement to pay suppliers within 30 days and will continue with the rigorous process in the new financial year. The positive return and lower than anticipated capital expenditure resulted in the high return on capital investment at 54 percent, compared to the target of 20 percent.

Once the construction challenges have been addressed and the infrastructure expansion is accelerated the actual ratio will be closer aligned to the target.

Strategy to overcome areas of under performance

The actual percentage completion of the construction of Pavilion 3 at 26.8 percent is slightly below the target of 30 percent due to construction challenges. However, the lost time will be recovered over the remaining construction schedule and will not have a significant impact on the GPW's performance.

Changes to planned targets

No changes to planned targets according to the revised approved strategic plan.

PERFORMANCE REPORT CONTINUED

Branch: human resources

Purpose: Developing of human resource strategies and to ensure that the GPW's organisational structures are aligned to the strategic plan; the administering of human resource provisioning and conditions of service; to promote the development and utilisation of the GPW's human resources; to support sound employee relations and the managing of employee health and wellness programmes.

Strategic objectives:

- ▶ Complete and implement a human resource staffing plan that will provide adequately trained employees to support the organisation towards growth and sustainability.
- ▶ Complete and implement a learning and development plan to support the talent development of the GPW's employees.
- ▶ Promote sound labour relations between the employer and employee.

Strategic objectives, performance indicators, planned targets and actual achievements:

The human resources branch was able to achieve all the targets set for the 2015/16 financial year. Filling of posts in accordance with the human resource staffing plan and staff development initiatives received continued attention, evidenced by the achievement of set targets and the average training days per employee exceeding the target. The overall positive performance demonstrates the human resources unit's continued contribution to providing quality support services to enable the GPW to achieve its objectives and strategic outcome oriented goals.

The achievement of the objectives demonstrates the commitment to ensure an efficient, effective and well-trained/developed workforce and contribute towards the further development of the GPW into a well-functioning entity.

Branch: human resources					
Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Strategic objective: Complete and implement a human resource staffing plan that will provide adequately trained employees to support the organisation towards growth and sustainability.					
Revised and implemented human resource staffing plan.	Establishment was revisited, staff migration plans adopted, job evaluations completed and all identified posts advertised. A total of 15 new job descriptions and job analyses were completed and the job evaluations for a total of 61 positions were completed.	Revised job descriptions and job evaluations.	100 percent of identified job descriptions and job evaluations revised.	Target achieved.	–
	The total posts advertised for the year is 70. Total posts filled for the year is 43.	Filled posts in accordance with HR staffing plan.	Requests have been received to fill 130 positions (permanent and temporary). All posts identified to be advertised have been advertised. 115 positions were filled (permanent and temporary), resulting in 88.46 percent filled.	Target achieved.	–
Strategic objective: Complete and implement a learning and development plan to support the talent development of the GPW's employees.					
Revised and implemented human resource development plan.	The learning and development plan was completed and approved.	Conduct skills assessment.	Skills assessment 100 percent completed.	Target achieved.	–
	2,327 training days an average of four training days per person.	Three average training days per person.	1,846 training days provided i.e. an average of 3.4 training days per person.	Target achieved.	The emphasis on developing of employees and training of employees has continued in the GPW's human resources policies and processes, and has contributed in exceeding the target.

Branch: human resources					
Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Strategic objective: Promote sound labour relations between the employer and employee.					
Revised and implemented employee relations management policies, processes and guidelines.	Training was rolled out to all employees on absenteeism and wellness programmes presented to all employees.	Determine absenteeism baseline per unit.	Absenteeism baseline per unit completed.	Target achieved.	–

The achievement of all the targets set for the human resources branch demonstrates the commitment by the GPW to an efficient, effective and well-trained/developed workforce. The development of employees will remain a priority to ensure an upskilled workforce that will further develop the GPW in a well-functioned entity.

Strategy to overcome areas of under performance

No areas of under performance reported.

Changes to planned targets

No changes to planned targets according to the revised approved strategic plan.

Summary of financial information

The information in the table below demonstrates the improved overall financial performance since the proclamation of the GPW as a government component on the 9th of October 2009.

	2016	2015	2014	2013	2012	2011	2010	2009
Revenue	1,138,249	1,013,017	780,659	928,792	692,919	753,443	639,035	487,074
Cost of sales	(632,460)	(602,212)	(500,146)	(726,521)	(455,548)	(473,799)	(497,025)	(403,771)
Gross profit	505,789	410,805	280,513	202,271	237,371	279,644	142,010	83,303
Other income	71,446	52,134	66,014	69,613	68,769	63,427	60,248	28,341
Operating expenses	(195,464)	(158,123)	(196,840)	(161,932)	(114,358)	(128,257)	(109,278)	(100,668)
Operating profit	381,771	304,816	149,687	109,952	191,782	214,814	92,980	10,976
Interest received	1,363	–	–	2	–	–	–	4,260
Profit for the year	383,134	304,816	149,687	109,954	191,782	214,814	92,980	15,236

09

HR

Human resources

Human resources is important in any organisation and the GPW is determined to create the right workforce to become the business it envisions. This chapter shows this strategic asset in terms of service delivery, expenditure, employments and vacancies, employment equity and more.

HUMAN RESOURCES

1. Service delivery

The tables below reflect the components of the service delivery improvement plan as well as progress made in the implementation thereof.

Table 1.1 – Main service for service delivery improvement and standards

Main services	Actual customers	Potential customers who may be integrated	Standard of services	Actual achievements against standards
Printing.	All Public Service departments and South African citizens.	African countries that may require security printing services.	Service delivery standards are set out in the GPW business model.	The re-capitalisation programme and building of printing capacity.

Table 1.2– Consultation arrangements for customers

Type of arrangement	Actual customer	Potential customer	Actual achievements
Direct interaction with clients. The implementation of the e-Gazette solution to be fully effective in 2015/16.	All Public Service departments and South African citizens.	Not applicable.	Direct consultation, workshops and information sessions.

Table 1.3– Service delivery strategy

Strategy	Actual achievements
Continuous interactions with various customers and stakeholders to build on improved relations. Commissioning of new equipment. Implementation of new technology.	Improved capacity and on time services.

Table 1.4 – Service information tool

Type of information tool	Actual achievements
Daily interaction with various customers and stakeholders.	Was not measured.

Table 1.5 – Complaints mechanism

Complaints mechanism	Actual achievements
Suggestion boxes. Hotline at the Department of Home Affairs and Public Service Commission.	Was not used to the maximum of potential for new suggestions and improvements.

2. Expenditure

The GPW budgets in terms of clearly defined programmes. The tables below summarise final audited expenditure (Table 2.1) and by salary level (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of the salary bands within the GPW.

Table 2.1 – Personnel costs

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special Services (R'000)	Personnel cost as % of total expenditure (R'000)	Average personnel cost per employee (R')	Employment as at 31 March 2016.
Government Printing Works	827,924	165,660	1,681	41,166	20.0	286,712	558
Total	827,924	165,660	1,681	41,166	20.0	286,712	558

Table 2.2 – Personnel costs by salary band

Salary bands	Personnel expenditure (R'000)	Percentage of total personnel cost (R'000)	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	1,462	0.9	146,200
Skilled (Levels 3-5)	63,279	38.7	210,229
Highly skilled production (Levels 6-8)	48,630	29.9	315,779
Highly skilled supervision (Levels 9-12)	27,375	16.8	558,673
Senior management (Levels 13-16)	10,895	6.7	990,455
Contract (Levels 1-2)	415	0.3	103,750
Contract (Levels 3-5)	3,066	1.9	133,304
Contract (Levels 6-8)	508	0.3	204,120
Contract (Levels 9-12)	2,553	1.6	851,000
Contract (Levels 13-16)	4,243	2.6	1,414,333
Periodical remuneration	713	0.4	64,818
Total	163,139	100	286,712

Table 2.3 – Salaries, overtime, home owners allowance and medical aid

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as % of personnel costs	Amount (R'000)	Overtime as % of personnel costs	Amount (R'000)	HOA as % of personnel costs	Amount (R'000)	Medical ass. as % of personnel costs
Government Printing Works	111,572	68.3	12,478	7.6	5,946	3.6	7,468	4.6
Total	111,572	68.3	12,478	7.6	5,946	3.6	7,468	4.6

Table 2.4 – Salaries, overtime, home owners allowance and medical aid by salary band

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as % of personnel costs	Amount (R'000)	Overtime as % of personnel costs	Amount (R'000)	HOA as % of personnel costs	Amount (R'000)	Medical ass. as % of personnel costs
Lower skilled (Levels 1-2)	873	59.7	123	8.4	126	8.6	153	10.5
Skilled (Levels 3-5)	38,663	61.1	6,644	10.5	3,703	5.9	4,577	7.2
Highly skilled production (Levels 6-8)	32,174	66.1	4,156	8.5	1,822	3.7	2,145	4.4
Highly skilled supervision (Levels 9-12)	21,035	76.5	771	2.8	223	0.8	542	2.0
Senior management (Levels 13-16)	9,284	84.6	0	0.0	61	0.6	28	0.3
Contract (Levels 1-2)	408	97.6	7	1.7	0	0.0	0	0.0
Contract (Levels 3-5)	2,267	73.9	735	24.0	11	0.4	23	0.8
Contract (Levels 6-8)	443	87.2	42	8.3	0	0.0	0	0.0
Contract (Levels 9-12)	2,368	92.8	0	0.0	0	0.0	0	0.0
Contract (Levels 13-16)	4,057	95.1	0	0.0	0	0.0	0	0.0
Periodical remuneration	0	0.0	0	0.0	0	0.0	0	0.0
Total	111,572	68.3	12,478	7.6	6,946	3.6	7,468	4.6

3. Employment and vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts of the establishment, the number of employees, the vacancy rate and whether there are any staff that are additional to the establishment.

Table 3.1 – Employment and vacancies, 31 March 2016

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Government Printing Works	697	558	19.9	10
Total	697	558	19.9	10

Table 3.2 – Employment and vacancies by salary bands, 31 March 2016

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	16	14	12.5	3
Skilled (Levels 3-5)	375	324	13.6	5
Highly skilled production (Levels 6-8)	220	154	30.0	0
Highly skilled supervision (Levels 9-12)	61	52	14.8	2
Senior management (Levels 13-16)	25	14	44.0	0
Total	697	558	19.9	10

Table 3.3 – Employment and vacancies by critical occupation, 31 March 2016

Critical occupation	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Compositors and related printing workers	10	3	70.0	1
Printing management and supervisory personnel	46	37	19.6	0
Lithographic and related workers	18	11	38.9	1
Binding and related workers	28	18	35.7	2
Financial and related professionals	7	5	28.6	2
Total	109	74	32.1	6

Table 3.4 - Filling of SMS posts

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

Table 3.4.1 SMS post information as on 31 March 2016

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Senior Management Service Band A	15	5	33.3	10	66.7
Senior Management Service Band B	6	6	100	0	0
Senior Management Service Band C	3	2	66.7	1	33.3
Senior Management Service Band D	1	1	100	0	0.0
Total	25	14	56	11	44

Table 3.4.2 SMS post information as on 30 September 2016

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Senior Management Service Band A	15	5	33.3	10	66.7
Senior Management Service Band B	6	6	100	0	0
Senior Management Service Band C	3	2	66.7	1	33.3
Senior Management Service Band D	1	1	100	0	0.0
Total	25	14	56	11	44

Table 3.4.3 Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016

SMS level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in six months of becoming vacant	Number of vacancies per level filled in six months of becoming vacant	Number of vacancies per level not filled in six months but filled in 12 months
Senior Management Service Band A	0	0	1
Senior Management Service Band B	0	1	1
Senior Management Service Band C	0	0	0
Senior Management Service Band D	0	0	0
Total	0	1	2

Table 3.4.4 Reasons for not having complied with the filling of funded vacant SMS posts - advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
Re-alignment of the organisational structure and vacant position of general manager: strategic manager.

Reasons for vacancies not filled within twelve months
Re-alignment of the organisational structure and vacant positions of general manager. The post of director: security management has been advertised and the appointment process will be finalised in the 2016 /17 financial year.

4. Job evaluation

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides the statistics on the number of posts that were upgraded or downgraded.

Table 4.1 – Job evaluation

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated	Number of posts upgraded	% of upgraded posts evaluated	Number of posts downgraded	% of downgraded posts evaluated
Lower skilled (Levels 1-2)	16	0	0	0	0.0	0	0.0
Skilled (Levels 3-5)	375	14	3.7	14	3.7	0	0.0
Highly skilled production (Levels 6-8)	220	24	10.9	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	61	3	4.9	1	1.6	0	0.0
Senior Management Service Band A	15	0	0.0	0	0.0	0	0.0
Senior Management Service Band B	6	0	0.0	0	0.0	0	0.0
Senior Management Service Band C	3	0	0.0	0	0.0	0	0.0
Senior Management Service Band D	1	0	0.0	0	0.0	0	0.0
Total	697	41	5.9	15	2.2	0	0.0

Table 4.2 – Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Beneficiaries	6	2	2	1	11

Table 4.3 – Employees whose salary level exceed the grade determined by job evaluation (i.t.o PSR 1.V.C.3)

Total number of employees whose salaries exceeded the upgrades determined by job evaluation in 2015/16
1

Table 4.4 – Profile of employees whose salary level exceeded the grade determined by job evaluation (i.t.o. PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	1	0	0	1
Male	0	0	0	0	0
Total	0	1	0	0	1
Employees with a disability	0	0	0	0	0

5. Employment changes

This section provides information on changes in employment over the financial year. Table 5.1 summarises appointments, promotions and service terminations by race, gender and disability. In addition, the table provides an indication of the impact of these changes on the employment of the GPW.

Table 5.1 – Annual turnover rates by salary band

Salary band	Employment at beginning of period	Appointments	Terminations	Turnover rate
Lower skilled (Levels 1-2)	13	7	2	15.4
Skilled (Levels 3-5)	319	13	11	3.4
Highly skilled production (Levels 6-8)	147	4	6	4.1
Highly skilled supervision (Levels 9-12)	47	5	3	6.4
Senior Management Service Band A	4	1	0	0.0
Senior Management Service Band B	5	2	0	0.0
Senior Management Service Band C	2	0	0	0.0
Senior Management Service Band D	1	0	0	0.0
Total	538	32	22	4.1

Seasonal contact employment

Salary band	Employment at beginning of period	Appointments	Terminations	Turnover rate
Contract (Levels 3-5)	0	59	45	–
Total	0	59	45	–

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Note 1: A total of 59 contract employees (levels 3 – 5) were appointed for periods of three months or shorter during the financial year to assist with special projects. These appointments and service terminations are not reflected in the above-mentioned information (Table 5.1), but are indicated separately.

Note 2: The above-mentioned appointment information does not include the appointment of three employees in permanent capacity who were initially employed on contract.

Table 5.2 – Annual turnover rates by critical occupation

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Composers and related printing workers	4	0	1	25.0
Printing management and supervisory personnel	36	2	1	2.8
Lithographic and related workers	12	0	1	8.3
Bookbinding and related machine operators	18	0	0	0.0
Finance and economics related professionals	7	0	0	0.0
Total	77	2	3	3.9

Table 5.3 – Reasons why staff are leaving the GPW

Termination	Number	Percentage of total resignations	Percentage of total employment
Death	2	9.1	0.4
Resignation	12	54.4	2.2
Expiry of contract	1	4.5	0.2
Discharged due to ill health	0	0.0	0.0
Dismissal-misconduct	1	4.5	0.2
Retirement	6	27.3	3.1
Transfer to another institution	0	0.0	0.0
Total	22	100.0	4.1

Resignations as % of permanent employment

4.1%

Table 5.4 - Granting of employee initiated severance packages

No employee initiated severance package applications were received or granted during the financial year.

Table 5.5 - Promotions by critical occupation

Occupation	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Compositors typesetters and related printing workers	4	0	0.0	2	50.0
Printing management and supervisory personnel	36	1	2.8	15	68.2
Lithographic and related workers	12	1	8.3	9	75.0
Binding and related workers	18	3	16.7	13	72.2
Financial and related professionals	7	0	0.0	5	71.4
Total	77	5	6.5	44	57.1

Table 5.6 - Promotions by salary band

Salary band	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Lower skilled (Levels 1-2), permanent	8	0	0.0	5	62.5
Skilled (Levels 3-5), permanent	311	0	0.0	248	79.7
Highly skilled production (Levels 6-8), permanent	144	4	2.8	92	63.9
Highly skilled supervision (Levels 9-12), permanent	41	5	12.2	21	51.2
Senior management (Levels 13-16), permanent	9	0	0.0	0	0.0
Contract (Levels 1-2), permanent	5	0	0.0	0	0.0
Contract (Levels 3-5), permanent	8	0	0.0	0	0.0
Contract (Levels 6-8), permanent	3	0	0.0	0	0.0
Contract (Levels 9-12), permanent	6	0	0.0	2	33.3
Contract (Levels 13-16), permanent	3	0	0.0	0	0.0
Total	538	9	1.7	368	68.4

6. Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1 – Total number of employees (including employees with disabilities) per occupational category (SASCO)

Occupational categories	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Legislators, senior officials and managers, permanent	3	0	2	5	4	4	0	0	4	1	14
Professionals, permanent	10	0	0	10	0	7	0	1	8	2	20
Technicians and associate professionals, permanent	33	3	1	37	13	28	2	3	33	14	97
Clerks, permanent	29	1	0	30	1	56	3	1	60	15	106
Service and sales workers, permanent	14	1	0	15	1	4	0	0	4	0	20
Craft and related trades workers, permanent	43	5	3	51	24	18	0	0	18	7	100
Plant and machine operators and assemblers, permanent	56	3	0	59	27	54	7	0	61	26	173
Elementary occupations, permanent	14	0	0	14	4	9	0	0	9	1	28
Total	202	13	6	221	74	180	12	5	197	66	558

Category	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Employees with disabilities	2	0	0	2	4	1	0	0	1	3	10

Table 6.2 - Total number of employees (incl. employees with disabilities) per occupational band

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Top management	0	0	0	0	1	0	0	0	0	0	1
Senior management	2	0	1	3	2	4	0	0	4	1	10
Professionally qualified and experienced specialists and mid-management	18	0	4	22	7	15	0	3	18	2	49
Skilled technical and academically qualified workers, junior management, supervisors, foremen	58	6	0	64	18	49	1	0	50	22	154
Semi-skilled and discretionary decision making	106	7	0	113	44	91	11	2	104	40	301
Unskilled and defined decision making	2	0	0	2	0	8	0	0	8	0	10
Contract (top management)	1	0	0	1	1	0	0	0	0	0	2
Contract (senior management)	0	0	1	1	0	0	0	0	0	0	1
Contract (professionally qualified)	1	0	0	1	1	0	0	0	0	1	3
Contract (semi-skilled)	12	0	0	12	0	11	0	0	11	0	23
Contract (unskilled)	2	0	0	2	0	2	0	0	2	0	4
Total	202	13	6	221	74	180	12	5	197	66	558

Table 6.3 – Recruitment

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	1	0	2	0	0	2	0	3
Professionally qualified and experienced specialists and mid-management	1	0	1	2	0	2	0	1	3	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen	2	1	0	3	0	2	0	0	2	0	5
Semi-skilled and discretionary decision making	3	0	0	3	0	9	0	0	9	0	12
Contract (professionally qualified and experienced specialists and mid-management)	0	0	0	0	0	0	0	0	0	0	0
Contract (skilled technical and academically qualified workers, junior management, supervisors, foremen)	0	0	0	0	0	0	0	0	0	0	0
Contract (semi-skilled and discretionary decision making)	4	0	0	4	0	3	0	0	3	0	7
Total	11	1	1	13	0	18	0	1	19	0	32

Special project appointments, short-term appointments less than six months

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Contract (semi-skilled)	23	0	0	23	1	34	1	0	35	0	59
Total	23	0	0	23	1	34	1	0	35	0	59

Table 6.4 – Promotions

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialist	0	0	1	1	0	2	0	0	2	0	3
Skilled technical and academically qualified worker	5	1	0	6	1	2	0	0	2	0	9
Semi-skilled and discretionary decision making	0	1	0	1	0	4	1	1	6	2	9
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total	5	2	1	8	1	8	1	1	10	2	21

Table 6.5 – Terminations

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Senior managers	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	1	1	0	0	0	0	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen	3	0	0	3	1	0	0	0	0	0	4
Semi-skilled and discretionary decision making	3	0	0	3	1	0	2	0	2	5	11
Unskilled and defined decision making	0	0	0	0	0	1	0	0	1	0	1
Contract (skilled technical)	0	0	0	0	0	0	0	0	0	1	1
Interns and apprentices	2	0	0	2	0	0	0	0	0	0	2
Total	9	0	0	9	3	1	2	0	3	7	22

Special project contract expiry, short term less than six months

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Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Contract (semi-skilled)	17	0	0	17	1	26	1	0	27	0	45
Total	17	0	0	17	1	26	1	0	27	0	45

Table 6.6 - Disciplinary action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Total	24	1	1	25	5	4	0	0	6	4	38

Table 6.7 - Skills development

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Legislators, senior officials and managers	1	0	2	3	4	2	0	0	2	1	10
Professionals	6	0	0	6	0	8	0	1	9	2	17
Technicians and associate professionals	33	3	1	36	11	32	3	2	37	15	99
Clerks	22	0	0	22	1	31	3	0	34	14	71
Service and sales workers	16	1	0	17	1	4	0	0	4	0	22
Craft and machine operators and assemblers and other	47	4	2	53	26	27	0	0	27	12	118
Plant and machine operators and assemblers	52	4	0	56	30	46	8	1	55	27	168
Elementary occupations	14	0	0	14	4	10	0	0	10	1	29
Total	191	12	5	207	77	160	14	4	178	72	534

Table 7. Signing of performance agreements by SMS members

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

Table 7.1 - Signing of performance agreements by SMS members as on 31 May 2015

Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members	Progressions to another notch within salary level
Senior Management Service Band A	15	5	3	60.0
Senior Management Service Band B	6	6	4	66.7
Senior Management Service Band C	3	2	1	50.0
Senior Management Service Band D	1	1	1	100
Total	25	14	9	64.3

Table 7.2 - Reasons for not having concluded performance agreements for all SMS members as on 31 May 2015

Reasons
Newly appointed SMS employees were unable to finalise their performance agreements in the first month of their employment or were appointed after 31 May 2015.

8. Performance

To encourage good performance, the department has granted the following performance rewards during the year review. The information is presented in terms of race, gender and disability (Table 7.1), critical occupations (Table 7.3) and salary bands for SMS (Table 7.4).

Table 8.1 - Performance rewards by race, gender and disability

Description	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, female	71	180	39.4	714	10,053
African, male	59	201	29.4	651	11,031
Asian, female	1	5	20.0	5	5,175
Asian, male	1	6	16.7	44	44,158
Coloured, female	7	12	58.3	47	6,724
Coloured, male	2	13	15.4	12	5,983
Total Blacks, female	79	197	40.1	766	9,696
Total Blacks, male	62	220	28.2	707	11,403
White, female	48	66	72.7	444	9,254
White, male	36	74	48.6	401	11,139
Employees with a disability	1	1	100	5	5,175
Total	226	558	40.5	2,323	10,280

Table 8.2 - Performance rewards by salary band for personnel below senior management service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1-2)	2	10	20.0	10	5,500
Skilled (Levels 3-5)	116	301	38.5	712	6,138
Highly skilled production (Levels 6-8)	83	154	53.9	846	10,194
Highly skilled supervision (Levels 9-12)	21	49	42.9	686	32,167
Contract (Levels 1-2)	0	4	0.0	0	0
Contract (Levels 3-5)	0	23	0.0	0	0
Contract (Levels 6-8)	1	0	0.0	14	14,000
Contract (Levels 9-12)	3	3	100	55	18,333
Total	226	544	40.7	2,323	10,280

Table 8.3 - Performance rewards by critical occupation

Critical occupation	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Compositors typesetters and related printing workers	1	4	25.0	12	11,889
Printing and related machine operators	20	36	55.6	234	11,734
Printing management and supervisory personnel	6	12	50.0	126	20,933
Binding and related workers	10	18	55.6	99	9,900
Financial and related professionals	6	7	85.7	162	2,7000
Total	43	77	55.8	633	16,291

Table 8.4 - Performance related rewards (cash bonus) by salary band for senior management service

SMS band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	% of SMS wage bill	Personnel cost SMS (R')
Senior Management Service Band A	0	5	0	0	0	0	0
Senior Management Service Band B	0	6	0	0	0	0	0
Senior Management Service Band C	0	2	0	0	0	0	0
Senior Management Service Band D	0	1	0	0	0	0	0
Total	0	14	0	0	0	0	0

9. Foreign workers

The tables below summarised the employment of foreign nationals in the GPW in terms of salary bands and major occupations. The table also summarised changes in the total number of foreign workers in each salary band and by each major occupation.

Table 9.1 - Foreign workers by salary band

Major occupation	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Senior Management Salary Band A	0	0	1	0.2	0	0.2	0	1	0
Total	0	0	1	0.2	0	0.2	0	1	0

Table 9.2 - Foreign workers by major occupation

Major occupation	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Senior Management Salary Band A	0	0	1	0.2	0	0.2	0	1	0.2
Total	0	0	1	0.2	0	0.2	0	1	0.2

10. Leave utilisation for the period 1 January 2015 to 31 December 2015

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 10.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

Table 10.1 - Sick leave 1 January 2015 to 31 December 2015

Salary band	Total days	% Days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certificates
Lower skilled (Levels 1-2)	71	67.6	9	2.1	8	33	48
Skilled (Levels 3-5)	1,913	84.5	228	53.3	8	1,244	1,616
Highly skilled production (Levels 6-8)	1,079	74.2	124	29.0	9	1,145	801
Highly skilled supervision (Levels 9-12)	228	75.0	37	8.6	6	500	171
Senior management (Levels 13-16)	36	69.4	6	1.4	6	129	25
Contract (Levels 1-2)	6	16.7	3	0.7	2	2	1
Contract (Levels 3-5)	101	75.2	13	3.0	8	48	76
Contract (Levels 6-8)	22	90.9	2	0.5	11	23	20
Contract (Levels 9-12)	22	81.8	4	0.9	6	41	18
Contract (Levels 13-16)	2	0.0	2	0.5	1	9	0
Total	3,480	79.8	428	100	8	3,174	2,776

Table 10.2 - Disability leave (temporary and permanent) 1 January 2015 to 31 December 2015

Salary band	Total days	% Days with medical certification	Number of employees using Disability Leave	% of total Employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days without medical certification	Total number of employees using disability leave
Skilled (Levels 3-5)	208	100	10	66.7	21	132	208	15
Highly skilled production (Levels 6-8)	90	100	4	26.7	23	81	90	15
Highly skilled supervision (Levels 9-12)	25	100	1	6.7	25	64	25	15
Total	323	100	15	100	22	277	323	15

Table 10.3 - Annual leave 1 January 2015 to 31 December 2015

Salary band	Total days taken	Average per employee	Employment
Lower skilled (Levels 1-2)	280	28	10
Skilled (Levels 3-5)	8,079	27	300
Highly skilled production (Levels 6-8)	3,978	25	160
Highly skilled supervision (Levels 9-12)	1,054	22	47
Senior management (Levels 13-16)	193	19	10
Contract (Levels 1-2)	49	10	5
Contract (Levels 3-5)	195	8	23
Contract (Levels 6-8)	44	22	2
Contract (Levels 9-12)	75	19	4
Contract (Levels 13-16)	45	15	3
Total	13,992	25	564

Table 10.4 - Capped leave, 1 January 2015 to 31 December 2015

Salary band	Total days of capped leave taken	Average number of days taken per employee
Skilled (Levels 3-5)	30	8
Highly skilled production (Levels 6-8)	11	6
Highly skilled supervision (Levels 9-12)	1	1
Total	42	6

Table 10.5 - Leave pay-outs for the period 1 April 2015 to 31 March 2016

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave pay-out for 2015/16 due to non-utilisation of leave for the previous cycle	212	15	14,133
Capped leave pay-outs on termination of service for 2015/16	409	26	15,731
Current leave pay-out on termination of service for 2015/16	74	6	12,333
Total	695	47	14,787

11. HIV/AIDS and health promotion programmes

Table 11.1 - Steps taken to reduce the risk of occupational exposure

The GPW participated in several initiatives to address it.

Table 11.2 - Details of health promotion and HIV/AIDS programmes (tick Yes/No and provide required information)

Question	Yes	No	Details, if yes
Has the GPW designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001?	✓		General manager: human resources
Does the GPW have a dedicated unit or have you designated specific staff members to promote health and well being of your employees?	✓		Specific staff members have been delegated.
Has the GPW established committees as contemplated in Part VI E 5(e) of Chapter 1 of the Public Service Regulations, 2001?	✓		Health & Safety Committee

Table 12.1 - Collective agreements, 1 April 2015 to 31 March 2016

None

Table 12.2 – Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Corrective counselling	2	5.3
Verbal warning	7	18.4
Written warning	21	55.3
Final written warning	6	15.8
Suspended without pay	1	2.6
Dismissal	1	2.6
Total	38	100

Table 12.3 - Types of misconduct addressed and disciplinary hearings

Type of misconduct	Number	% of total
Poor and improper conduct	7	18.4
Negligence	11	28.9
Unauthorised absenteeism	17	44.7
Sleeping on duty	1	2.6
Racial incitement	1	2.6
Misuse of state property	1	2.6
Total	38	100

Table 12.4 - Grievances lodged

Number of grievances addressed	Number	% of total
Resolved	46	95.8
Not resolved	2	4.2
Total	48	100

Table 12.5 - Disputes lodged

Number of disputes addressed	Number	% of total
Upheld	0	0.0
Dismissed	1	100
Settlement	0	0.0
Total	1	100

Table 12.6 - Strike actions

Strike actions	(R'000)
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 12.7 - Precautionary suspensions

Precautionary suspensions	Total
Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	96
Cost (R'000) of suspensions	85

13. Skills development

Table 13.1 - Training needs identified 1 April 2015 to 31 March 2016

Occupational categories	Gender	Number of employees as at 1 April 2015	Training needs identified at start of reporting period			
			Learnership and internships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials, managers and skilled technical	Female	85	–	85	0	85
	Male	121	–	121	0	121
Clerks and lower skilled	Female	164	5	164	0	164
	Male	168	9	168	0	168
Total		538	14	538	0	538

Table 13.2 - Training provided 1 April 2015 to 31 March 2016

Occupational categories	Gender	Number of employees as at 1 April 2015	Training provided		
			Leaverships and internships	Skills programmes and other short courses	Total
Legislators, senior officials and managers	Female	85	0	84	84
	Male	121	0	115	115
Clerks and lower skilled	Female	164	6	163	169
	Male	168	10	167	177
Total		538	16	529	545

Table 13.3 – Internship and apprentice programme 1 April 2015 to 31 March 2016

The GPW internship and apprentice programme details are as follows:

Unit	No of interns		
	Male	Female	Total
Operation and production	7	2	9
Internal audit	2	0	2
Human resources	1	1	2
Strategic management	1	2	3
Total	11	5	16

Table 13.4 – Study bursaries granted 1 April 2015 to 31 March 2016

Occupational category	Male	Female	Total
Legislators, senior officials and managers	0	0	0
Clerks and lower skilled	13	11	24
Total	13	11	24

14. Injury on duty

The following table provides basic information on injury on duty.

Table 14.1 - Injury on duty

Occupational category	Male	Female
Required basic medical attention only	12	92.3
Temporary total disablement	1	7.7
Permanent disablement	0	0.0
Fatal	0	0.0
Total	13	100

15. Utilisation of consultants

Table 15.1 - Report on consultant appointments

No consultants were appointed during the financial year.

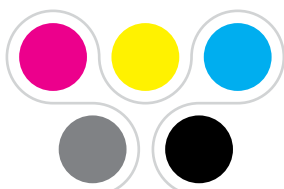
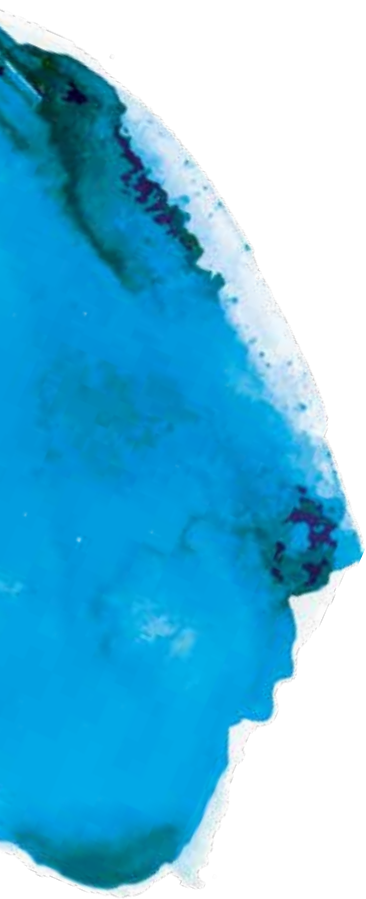
GENERAL INFORMATION

Nature of business and principal activities	The GPW is tasked with the rendering of printing and related services to government departments, provincial institutions and local authorities.
Legal form of entity	In accordance with the Public Service Act (No. 103 of 1994) as amended, GPW is established as a Government Component. In terms of financial reporting requirements, the GPW continues on the same basis as that applicable to a trading entity.
Registered office	149 Bosman Street Pretoria 0001
Business address	149 Bosman Street Pretoria 0001
Postal address	Private Bag X 85 Pretoria 0001
Auditors	The Auditor-General of South Africa
Bankers	ABSA Reserve Bank
Accounting Officer	Prof AD Mbewu

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GOVERNMENT PRINTING WORKS

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