



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF PUBLIC WORKS

2nd Quarter Performance of the Department and the PMTE for the financial year 2016/17 (VALIDATED)

**Portfolio Committee on Public Works
Parliament, Cape Town
7 March 2017**

**Office of the Director-
General**

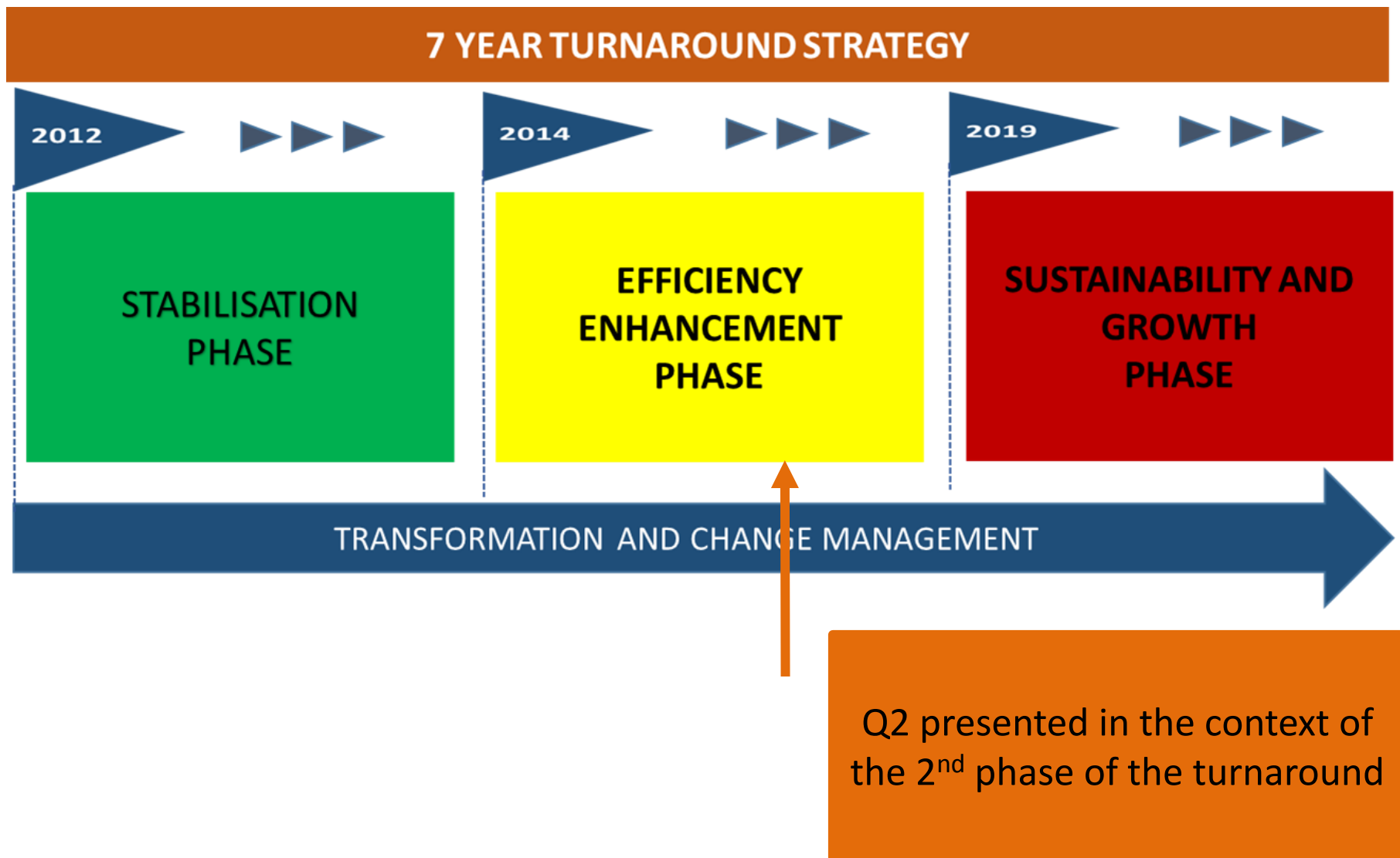
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1. Purpose

- **Purpose of the Presentation by the Department of Public Works**
 - To reflect on the 2nd Quarter Performance and Financial information of the Department of Public Works and PMTE in the financial year 2016/17 in order for the Portfolio Committee to advise on improving performance
- **Objective of the Portfolio Committee on Public Works**
 - To have an understanding and measure the 2nd Quarter Performance and Financial performance of the Department for the financial year 2016/17

2. Turnaround Phases



3. DPW Performance Information



(Refer to Excel Document A)

Structure of the Programmes



Shared Services



- EPWP
- Property and Construction Industry Policy
- Prestige Management

- Finance and Supply Chain Management
- Corporate Services
- Governance, Risk and Compliance
- Inter-Governmental Coordination

- Real Estate and Investment Services
- Construction Project Management
- Real Estate Management
- Real Estate Information and Registry
- Facilities Management

Performance Legend

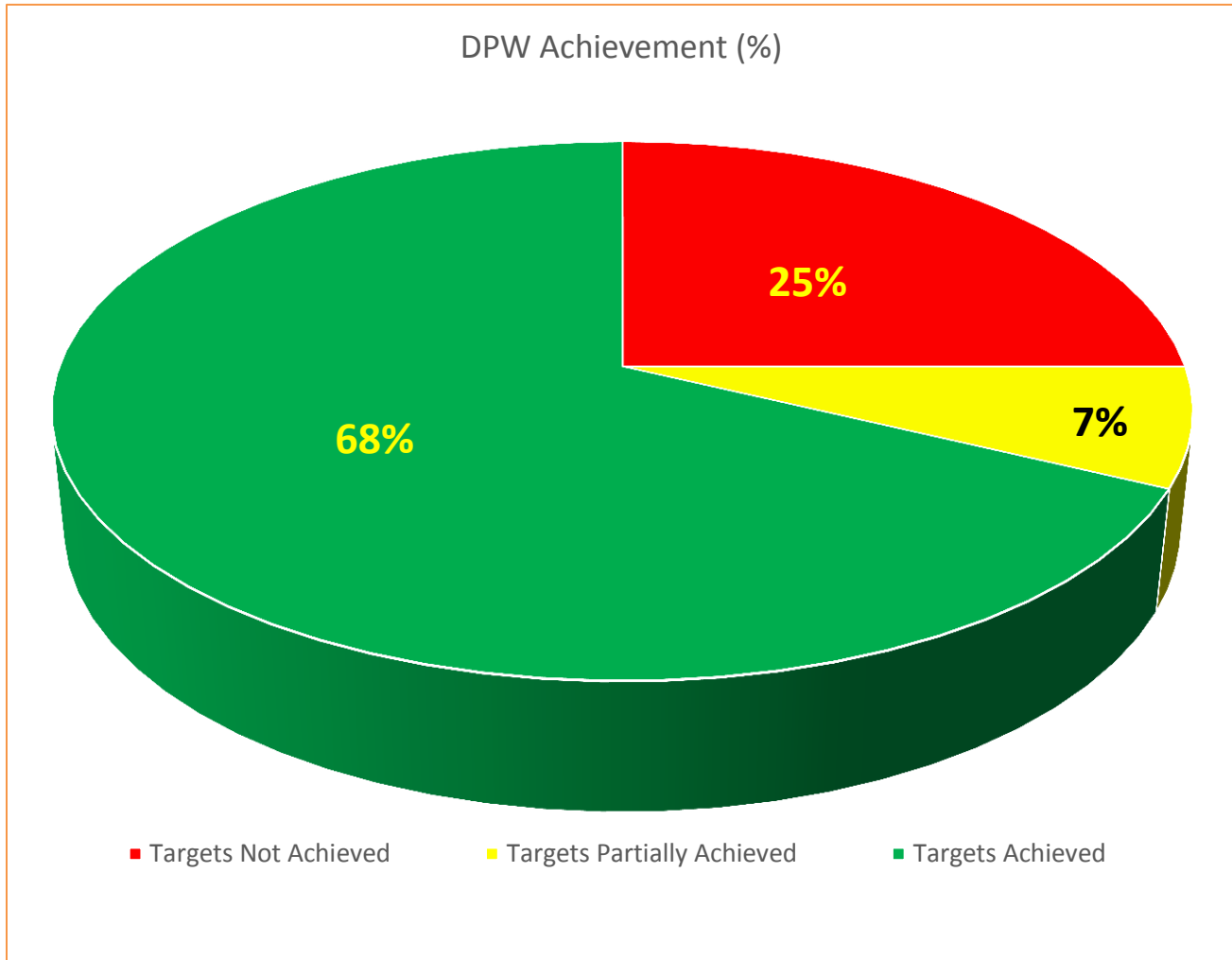
Green – Target achieved and beyond. It may be quantified as follows – anything achieved above 90% in terms of outputs/deliverables.	90% and above	Excellent Performance
Yellow - Progress above 50% but not fully achieving the target. This means that some output/deliverable has been achieved but not achieved fully as per the target. An example: achieving 6 projects out of 10 = 60%.	50%-89%.	Good Performance
Orange – Progress below 50% of target. This means that some activity has started but has not yielded any output. It may also reflect completed activity but that is not output. An example: compiling stakeholder management inputs towards the final Draft document etc.	11%-49%	Weak Performance
Red – No achievement at all – nothing was done at all and may be quantified as follows: anything between 0-10%	0%-10%	Poor Performance

DPW Q2 Target Performance

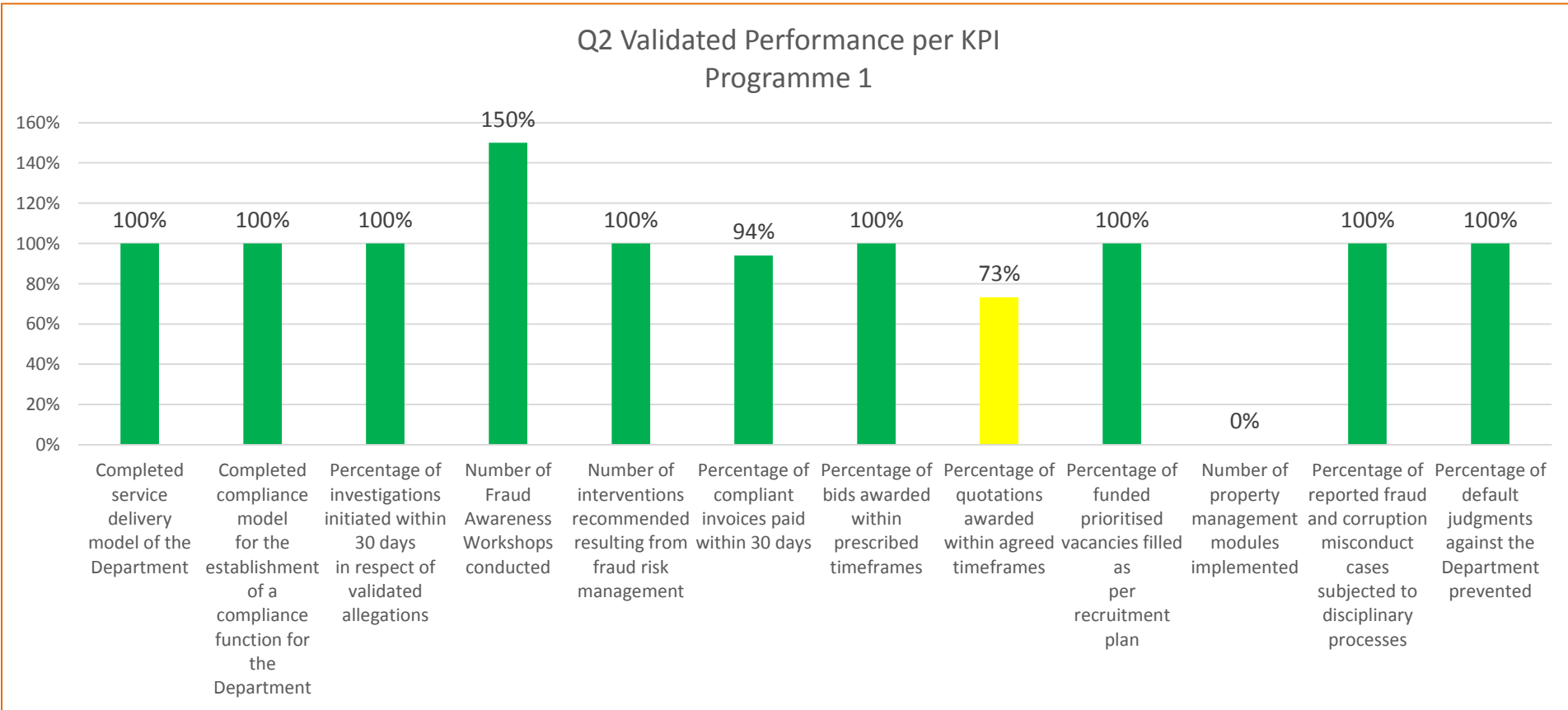
DPW has a total of **28** planned targets for the Quarter under review

Of the 28 targets:

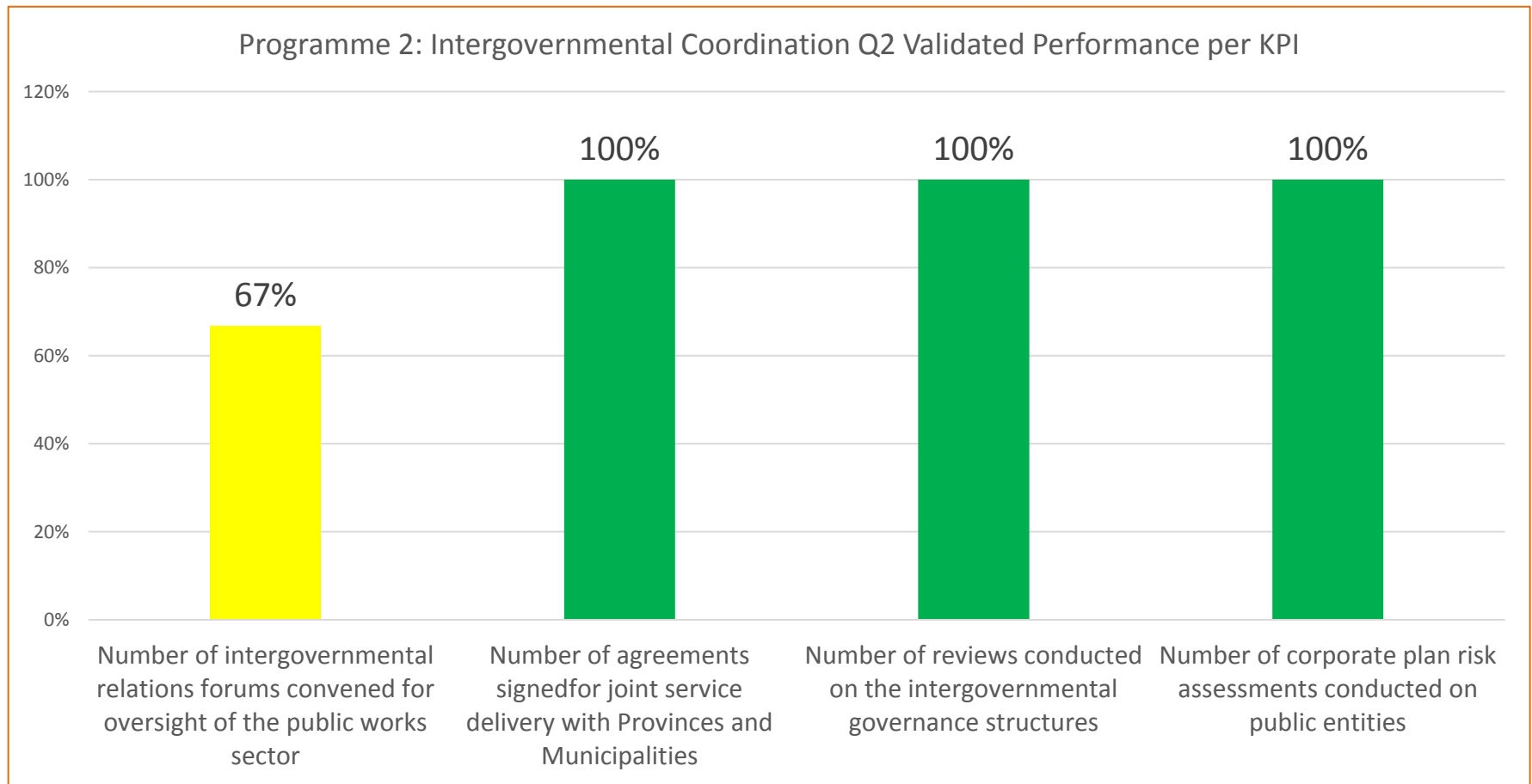
- 19 are achieved (68%)
- 2 are partially (7%)
- 7 not achieved (25%)



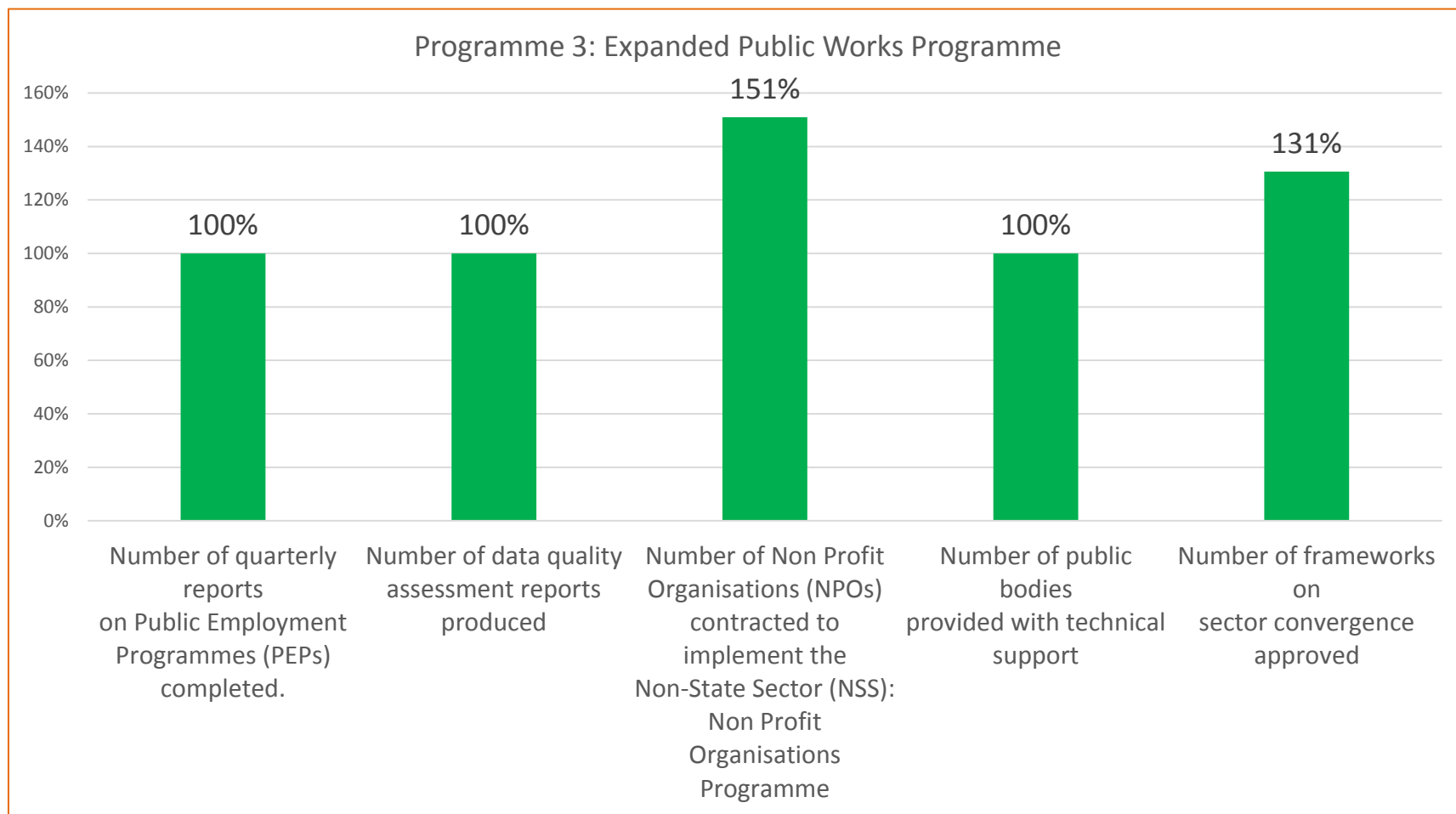
DPW Q2 Performance per KPI



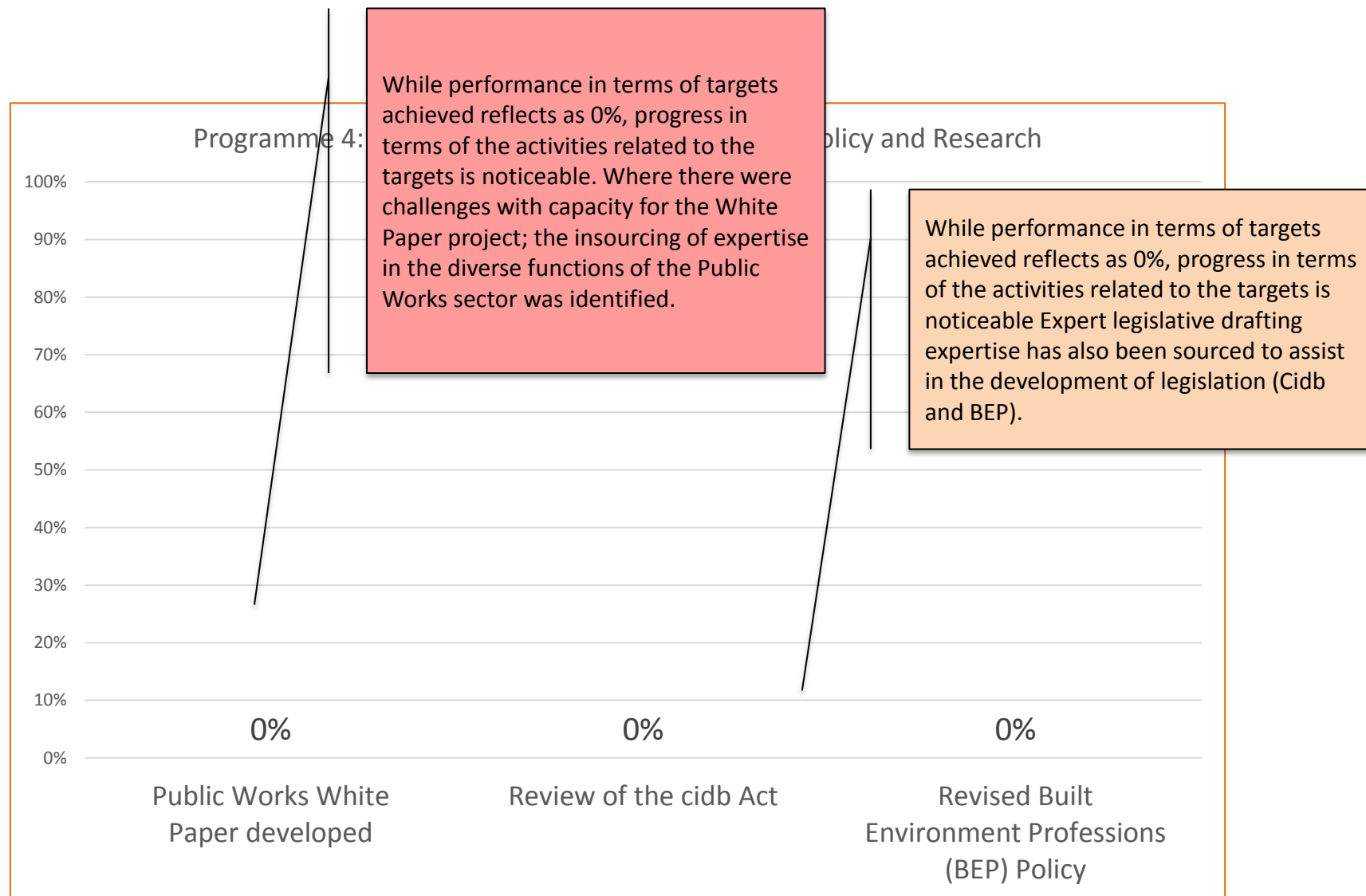
DPW Q2 Performance per KPI



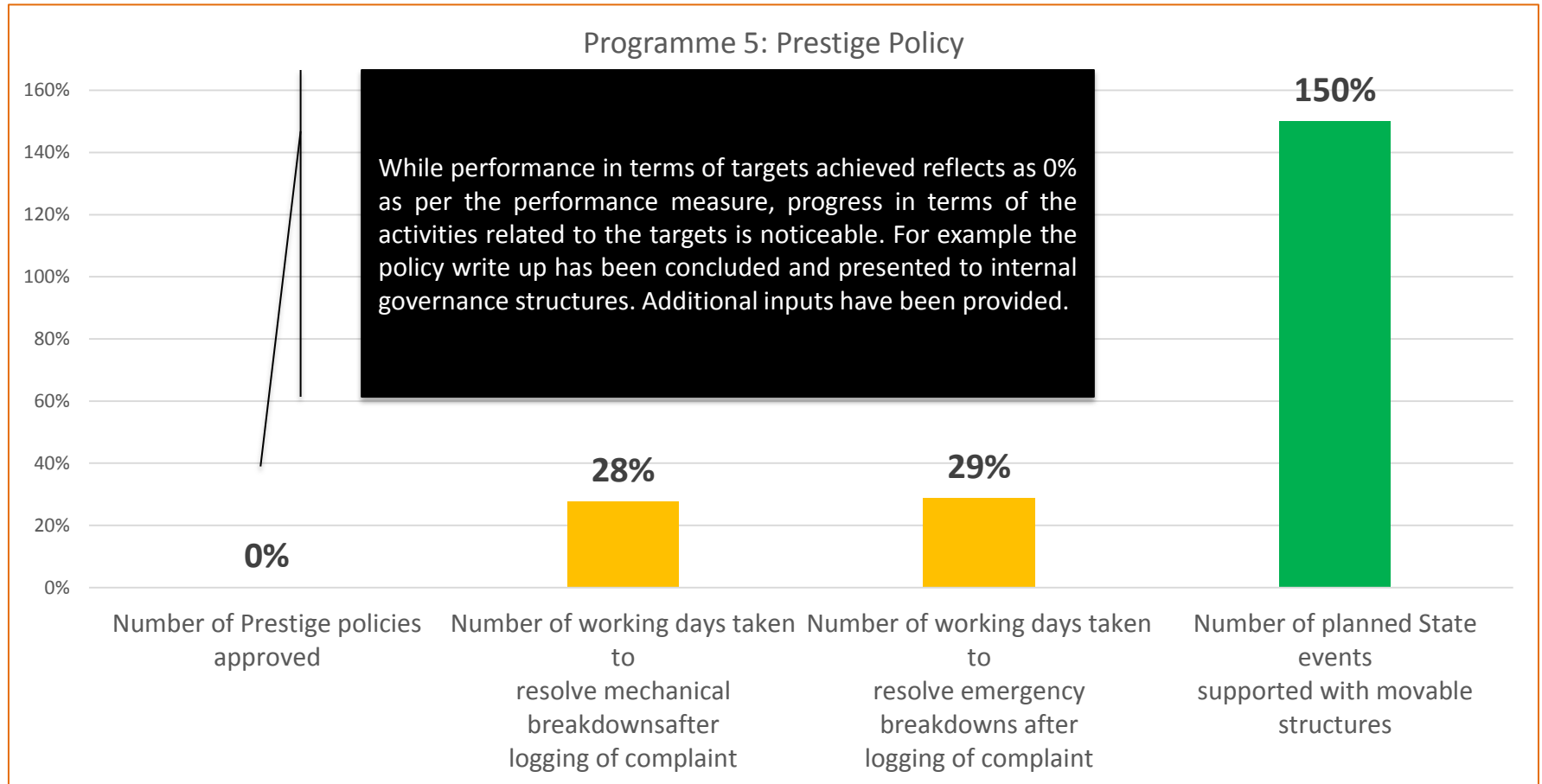
DPW Q2 Performance per KPI



DPW Q2 Performance per KPI



DPW Q2 Performance per KPI



Highlights (Excel Document A)

Programme 1: Administration

Sub Programmes:

- Management
- Finance and Supply Chain Management
- Corporate Services

- **Service Delivery Model** - TORs and project charter developed & approved. Bid Spec & Evaluation committees met. The SDM will shape how services are delivered as part of the 2nd phase of the turnaround – *Efficiency enhancement*
- **Compliance Model** - Options analysis for departmental compliance model done.
- **Investigations** - 100% (14 of 14) Investigations instituted within 30 days of reported allegations
- **Payment of Invoices** – 94 % of compliant invoices were settled within 30 working days

A Service Delivery Model is a model that seeks to strengthen and enhance the understand of the value chain regarding the improvement of service delivery and organisational transformation in the public sector

Highlights (Excel Document A)

Programme 1: Administration

Sub Programmes:

- Management
- Finance and Supply Chain Management
- Corporate Services

Programme 2: Inter-Governmental Coordination

- **Capacity Building** - 100% funded prioritised vacancies as per the Recruitment plan. Prioritised vacancies are to be filled within 4 months from the date of advertisement as part of the broader government objective.
- **Anti Fraud and Corruption** - 100% reported fraud and corruption misconduct cases subjected to disciplinary processes (Total of 6 cases of fraud and corruption addressed and subjected to disciplinary processes)
- **Inter-Governmental Coordination** - Three (3) agreements signed for joint service delivery with Provinces and Municipalities, 100%. This spans across the spheres of government for better coordination in areas of interrelated and interdependencies

Highlights (Excel Document A)

Sub Programmes:

- EPWP

- **Quarter report** – second quarter report on Public Employment Programmes (PEPs) completed for the quarter
- **EPWP** - 302 NPOs contracted for the implementation of NSS: NPOs programme against a target of 200 for the quarter
- Technical Support - 196 against a target of 150 public bodies provided with technical support

- Prestige Policy

Prestige Policy

- **Mechanical Breakdowns** - 141 requests received; 61 completed within 20 working days.
- **Emergency Breakdowns** - 162 requests received; 102 completed within 4 working days; 57 not completed within 4 working days; 3 cancelled.
- **Prestige** - 3 State events supported by moveable infrastructure. 2 prestige events were planned for the quarter.

Responses to underperforming performance measures

Programme 4: Property and Construction Industry Policy and Research

- An EXCO White Paper Task Team was established to oversee White Paper process . The Task Team adopted a comprehensive framework to (1) reaffirm the scope of the White Paper process; and (2) define essential linkages to facilitate participation by stakeholders
- Certain thematic areas have been identified as fundamental to the White Paper process and various experts have been identified for insourcing via secondment or term contracts.
- Detailed action plan with timeframes have been developed
- The Department undertook to develop a Concept Paper to inform the review of the CIDB Act. Consultations with stakeholders to inform the review and enhance the concept paper were undertaken with clients of the CIDB, contractors, and DPW. The brief to Senior Council/ legal drafters was developed and engaged on with Legal Services until terms of reference were agreed upon. The Concept Paper was presented to EXCO
- The department has sought the services of a legal drafter through the Legal Services Unit. Legal drafters have now been appointed and a concept paper developed with DPW and other stakeholders

Responses to underperforming performance measures

Programme 5: Prestige Policy

- Policy on the allocation of residential accommodation to members of the Executive being consulted on by the Executive Authority with Cabinet Ministers for concurrence

4. PMTE Performance Information



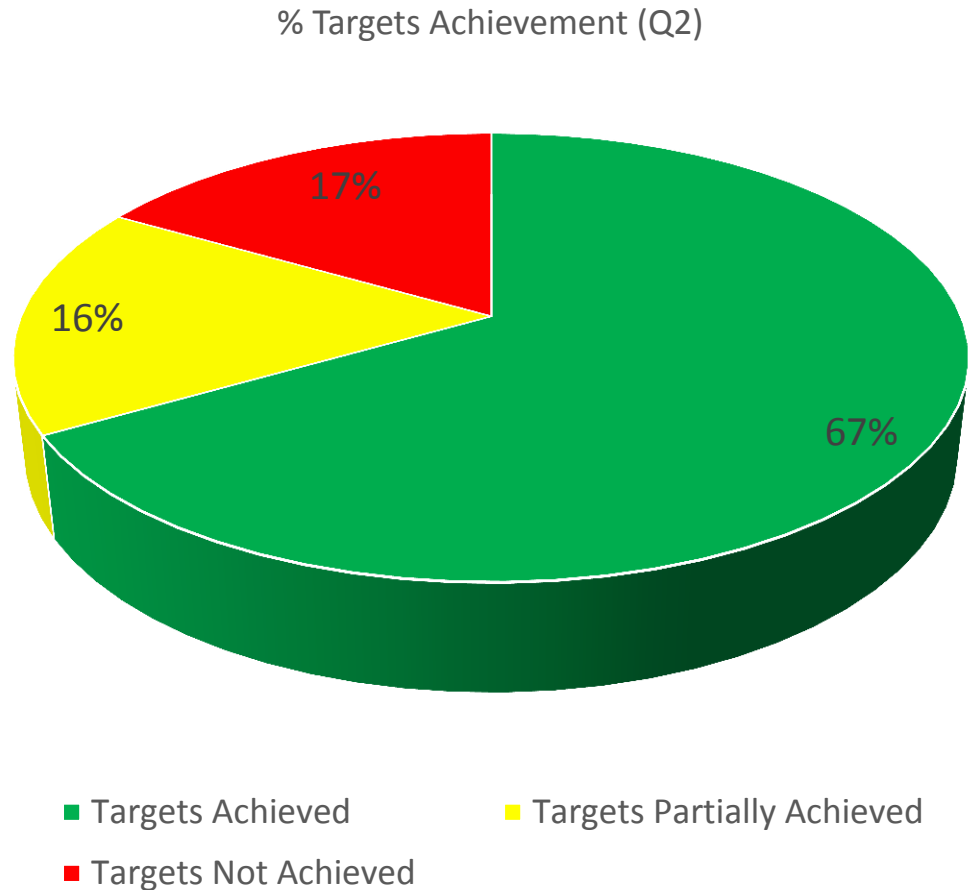
(Refer to Excel Document B)

PMTE Q2 Overall Target Achievement

PMTE has a total of **24** targets for the Quarter under review

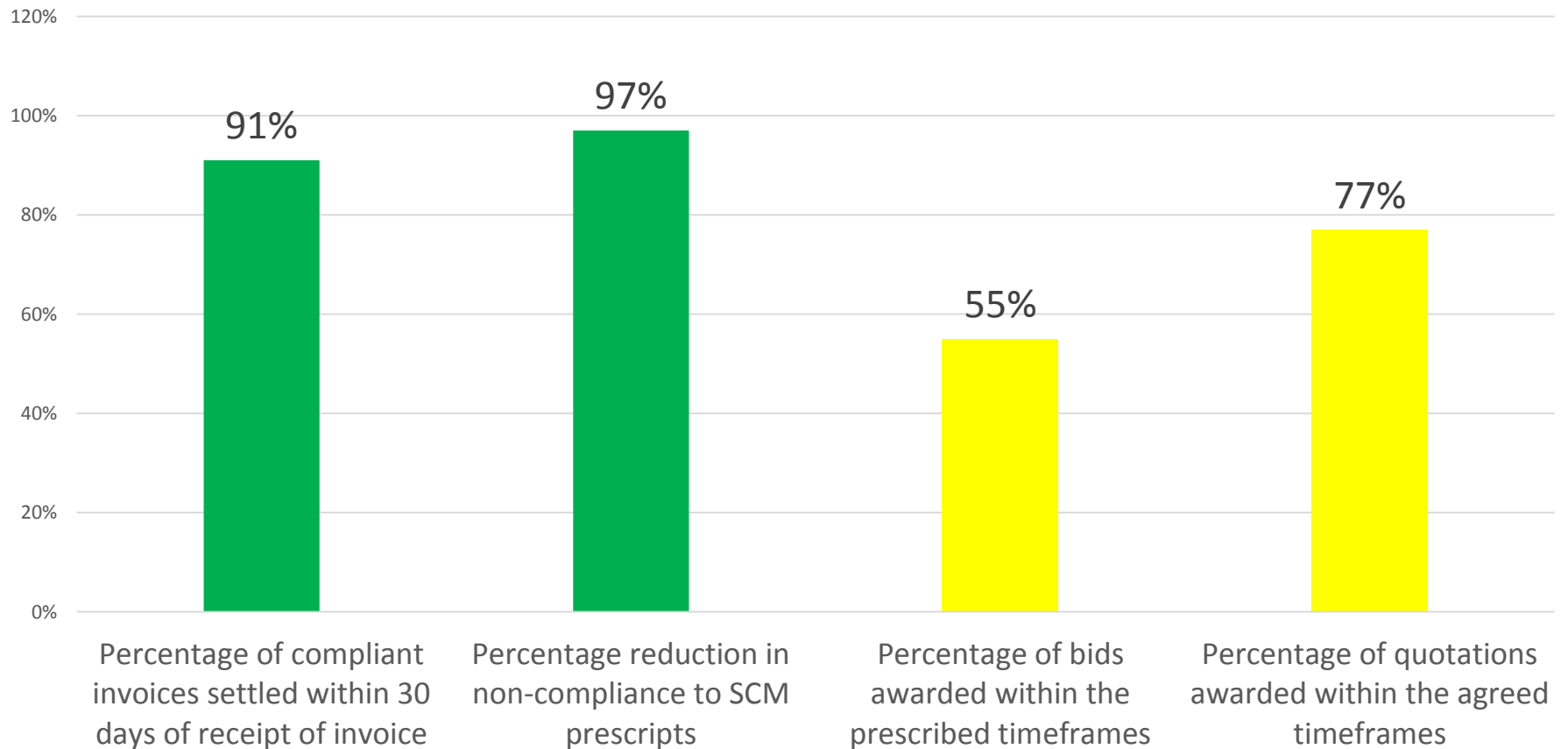
Of the 24 targets:

- 16 are achieved (67%)
- 4 are partially achieved (16%)
- 4 are not achieved (17%)



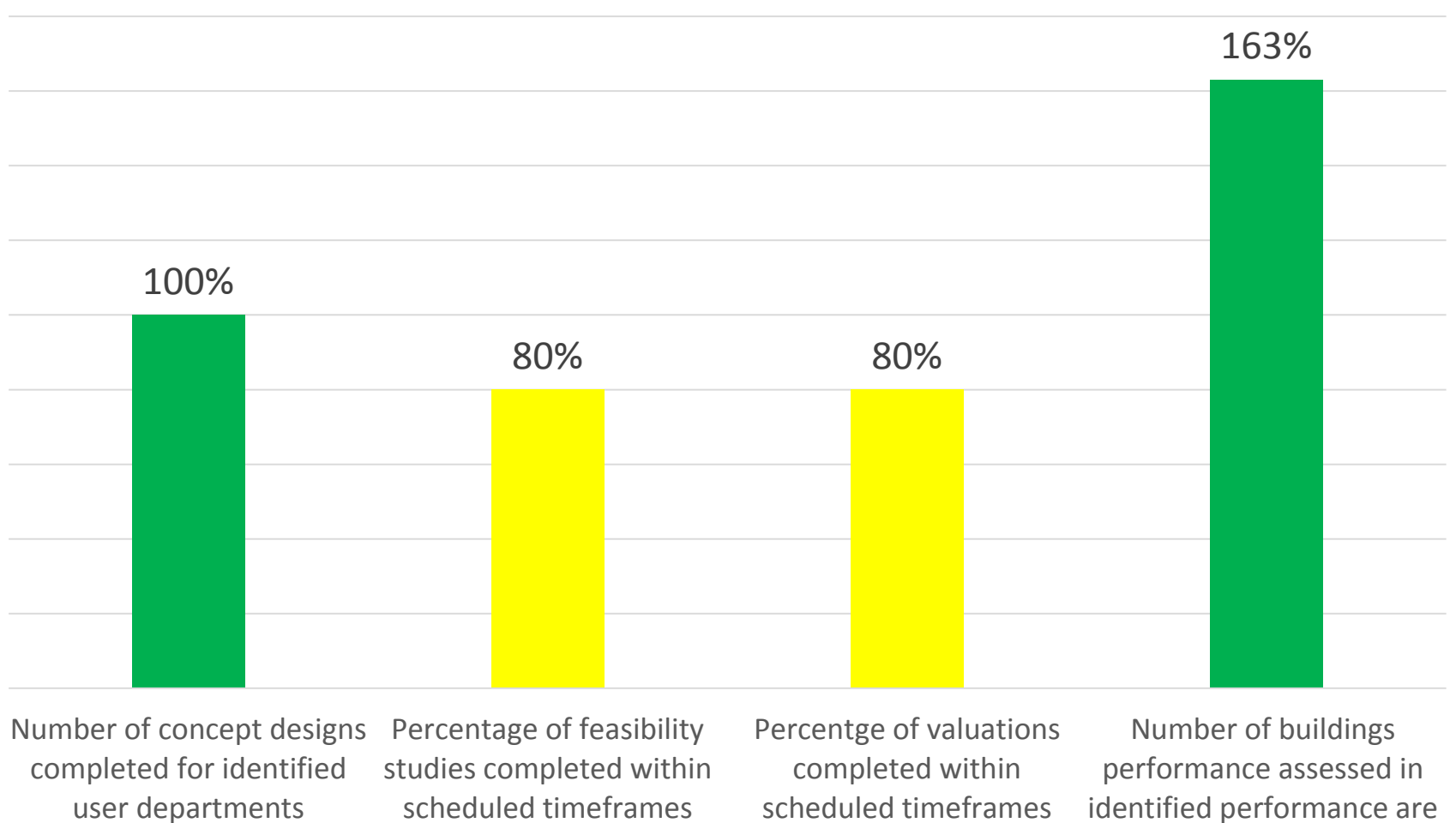
PMTE Q2 Performance per KPI

Programme 1: Administration - Finance and Supply Chain Management

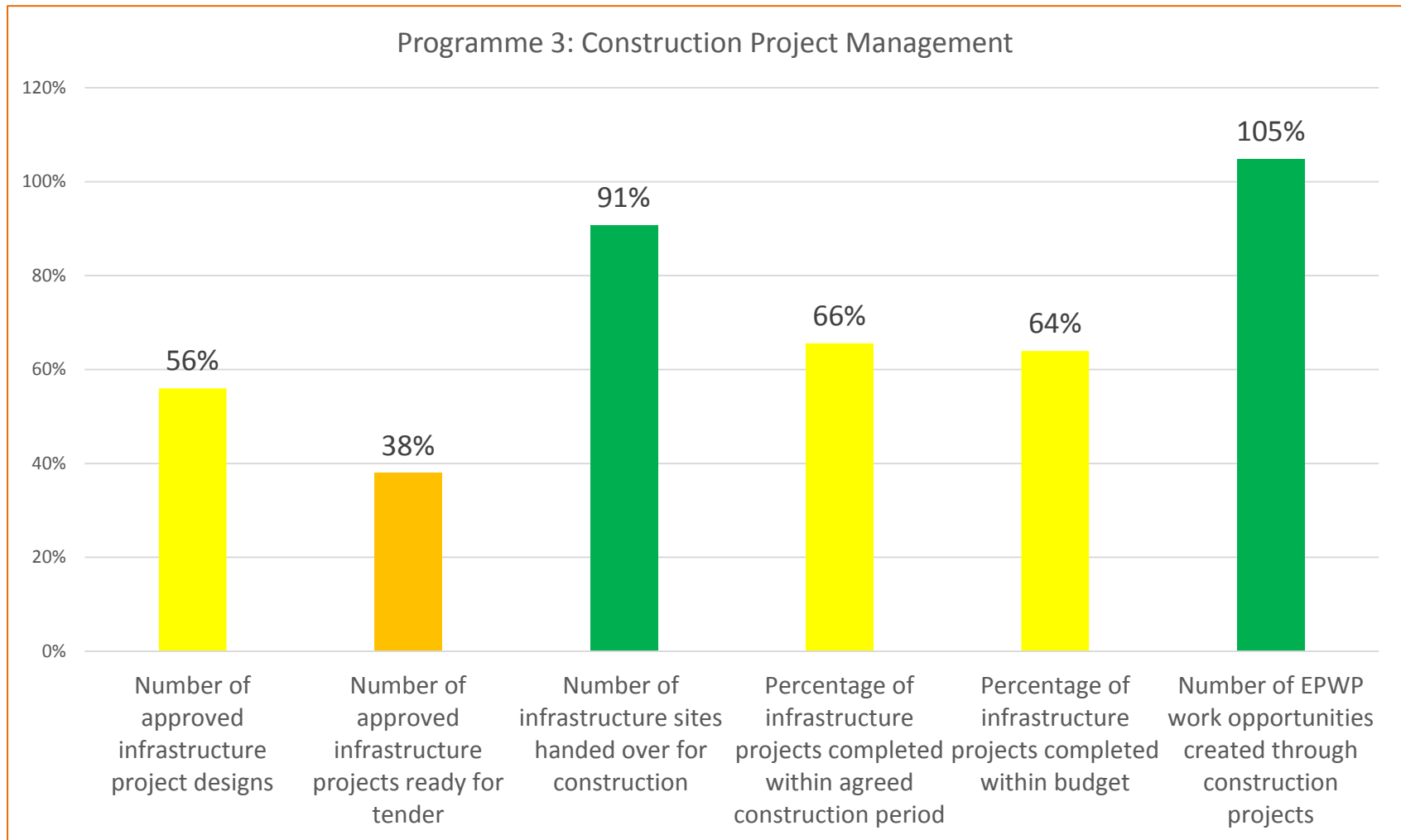


PMTE Q2 Performance per KPI

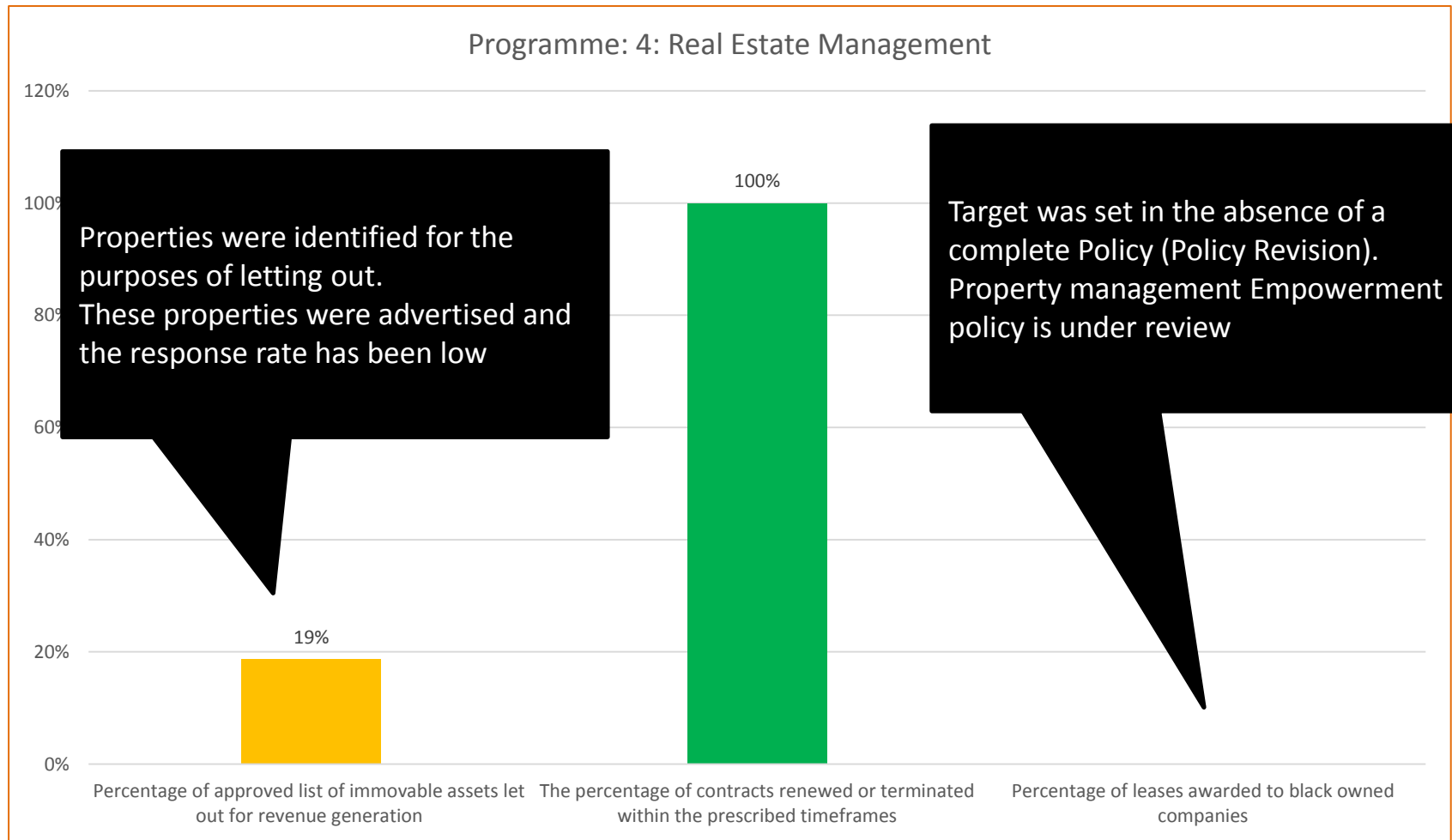
Programme 2: Real Estate Investment



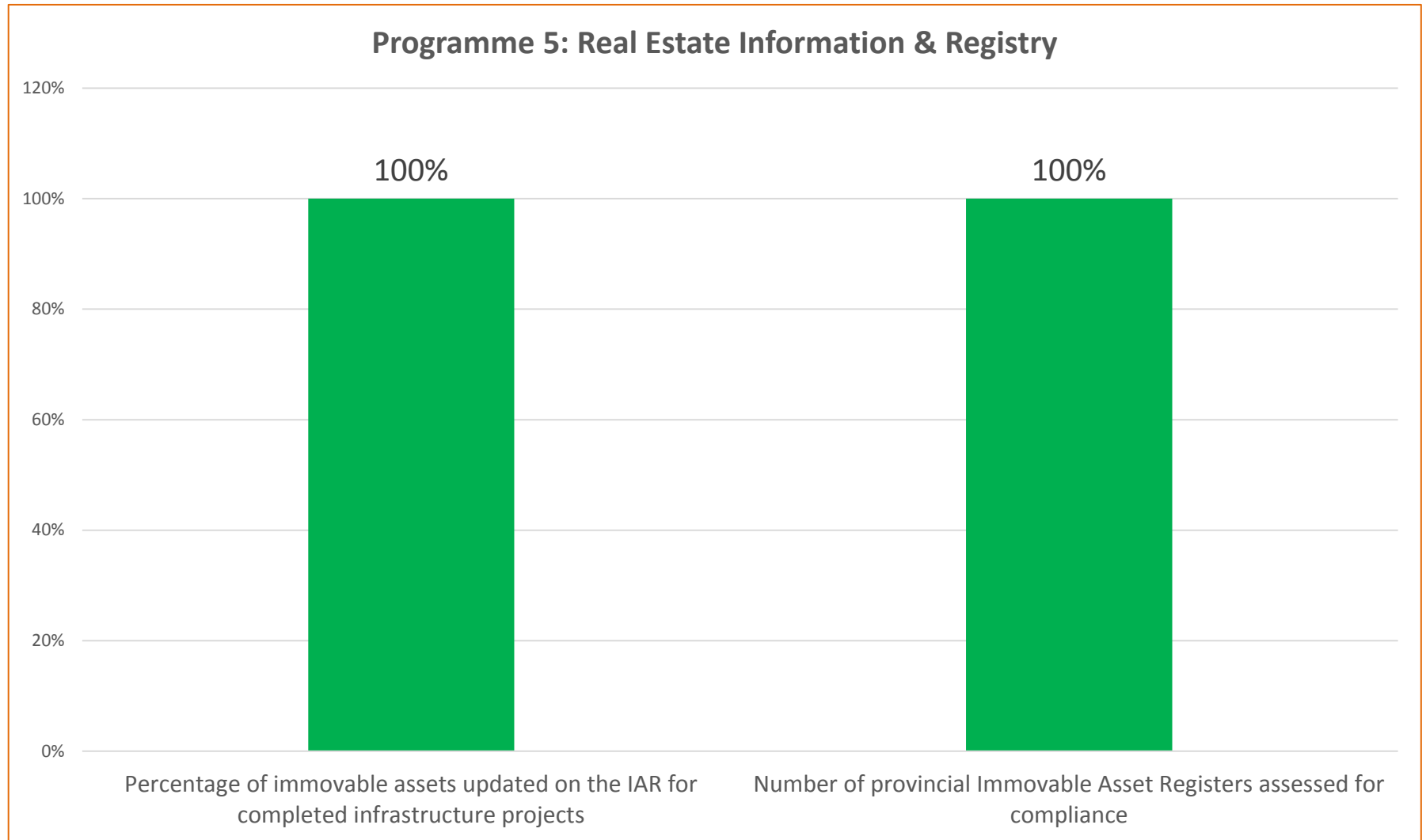
PMTE Q2 Performance per KPI



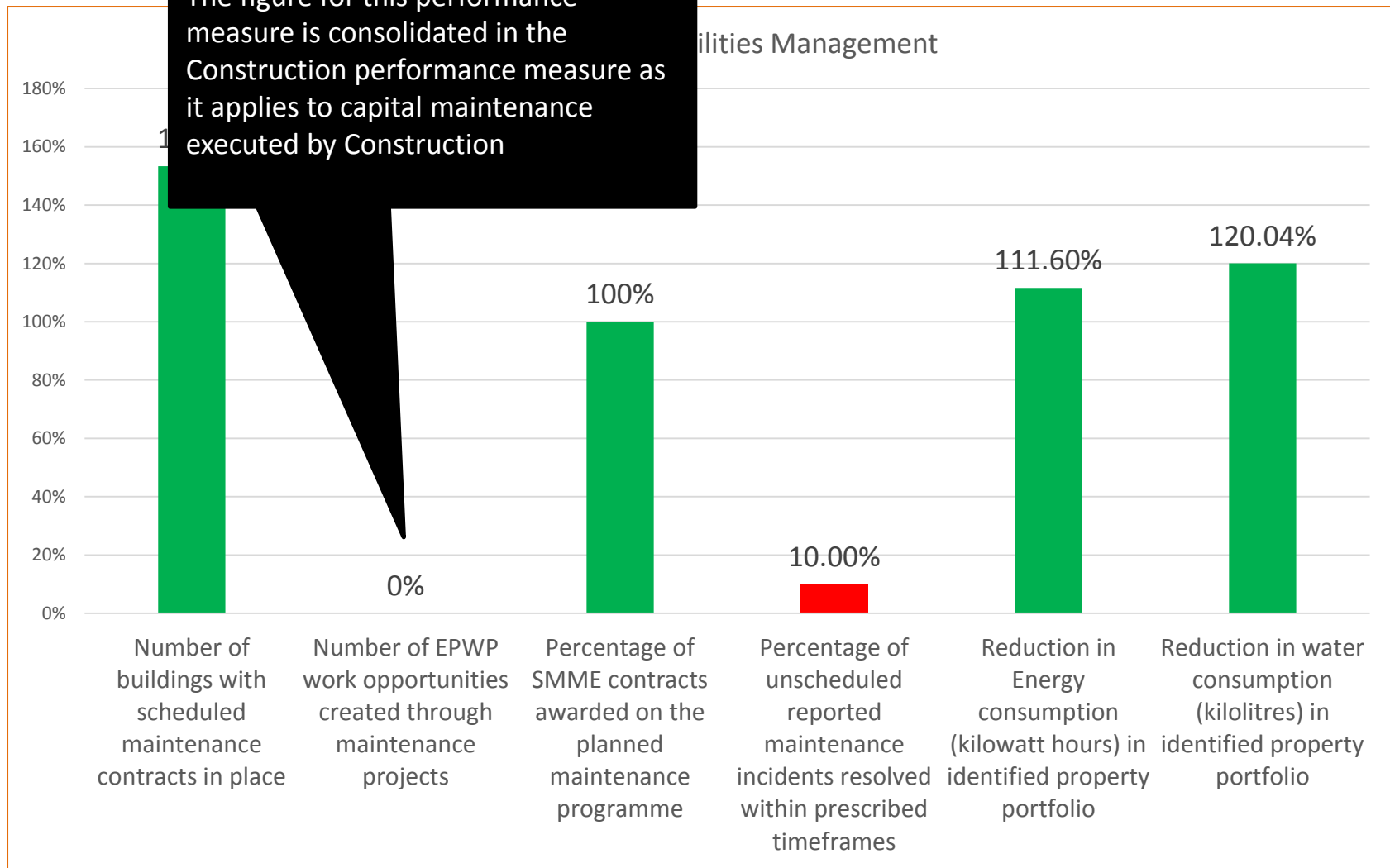
PMTE Q2 Performance per KPI



PMTE Q2 Performance per KPI



PMTE Q2 Performance per KPI



Highlights (Excel Document B)

Programmes 1 – Finance and Supply Chain Management

- **Payment of Invoices** – 91% compliant invoices settled within 30 days
- For the sustainability of its suppliers, the PMTE aims to make payments within the stipulated time frames.
- **Compliance to SCM** – 97.07% reduction in non-compliance to SCM prescripts to a target of 7.5% for the quarter. reduction in non-compliance to SCM prescripts
- **Awarding of bids** – 55% (target is 60%) - 38 bids awarded within 56 days out of a total of 68 awards for 2nd Quarter

Programme 2 – Real Estate Investment Management

- **Feasibility studies** – 80% (56 of 70) feasibility studies completed with schedule timeframe. Target for the quarter is set at 80%
- **Valuations** - 80% (70 of 87) valuations completed within scheduled time frames. Target for the quarter is set at 80%
- **Assessed building's performance** – 163 of 100 buildings performance assessed in identified performance areas. Assessment of buildings to determine operating costs and utilisation at facility level in compliance with GIAMA –

Highlights (Excel Document B)

Programme 3 – Construction Project Management

- **Projects** – 56% (42 of 75 approved infrastructure projects designs
 - 38% (38 of 100) approved infrastructure projects ready for tender
 - 91% (49 of 54) infrastructure sites handed over for construction
 - 66% (40 of 61) infrastructure projects completed within agreed construction period
 - 64 % (39 of 61) infrastructure projects completed within budget
- **EPWP WO within Projects** – 4 192 against a target of 4000 work opportunities created through construction projects

Programme 4 – Real Estate Management

- **Lease Renewals** – 100% (8 of 8) renewed within the prescribed timeframes. The target set for the quarter is 80%.

Highlights (Excel Document B)

Programme 5 – Real Estate Information and Registry

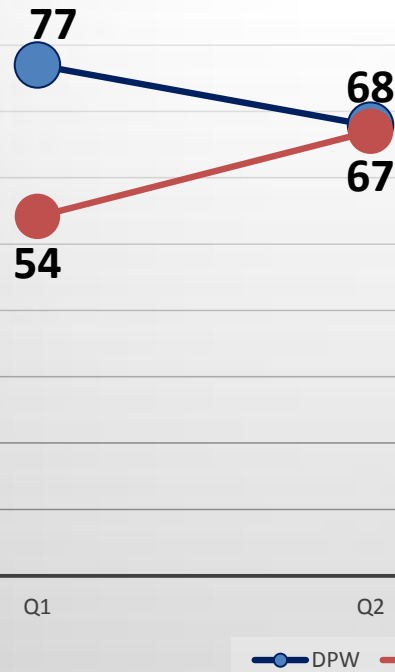
- **Projects capitalised and added to IAR** – 100% (24 of 24) completed projects capitalised and added to IAR
- **Provincial Immovable Asset Register assessed** – 2 Provincial Immovable Asset Registers assessed for compliance with IAR criteria (KZN and Gauteng)

Programme 6 – Facilities Management

- **Scheduled Maintenance** – 90 buildings with scheduled maintenance contracts in place. The target for the quarter is set at 75 buildings
- **Reduction in Energy consumption** - 69 781 556 kwh Reduction in energy consumption for identified property portfolio (Target was 62 500 000)
- **Reduction in Water Consumption** – 1 230 469 kl of 1 025 000 Reduction in water consumption for identified property portfolio

Quarter Comparison

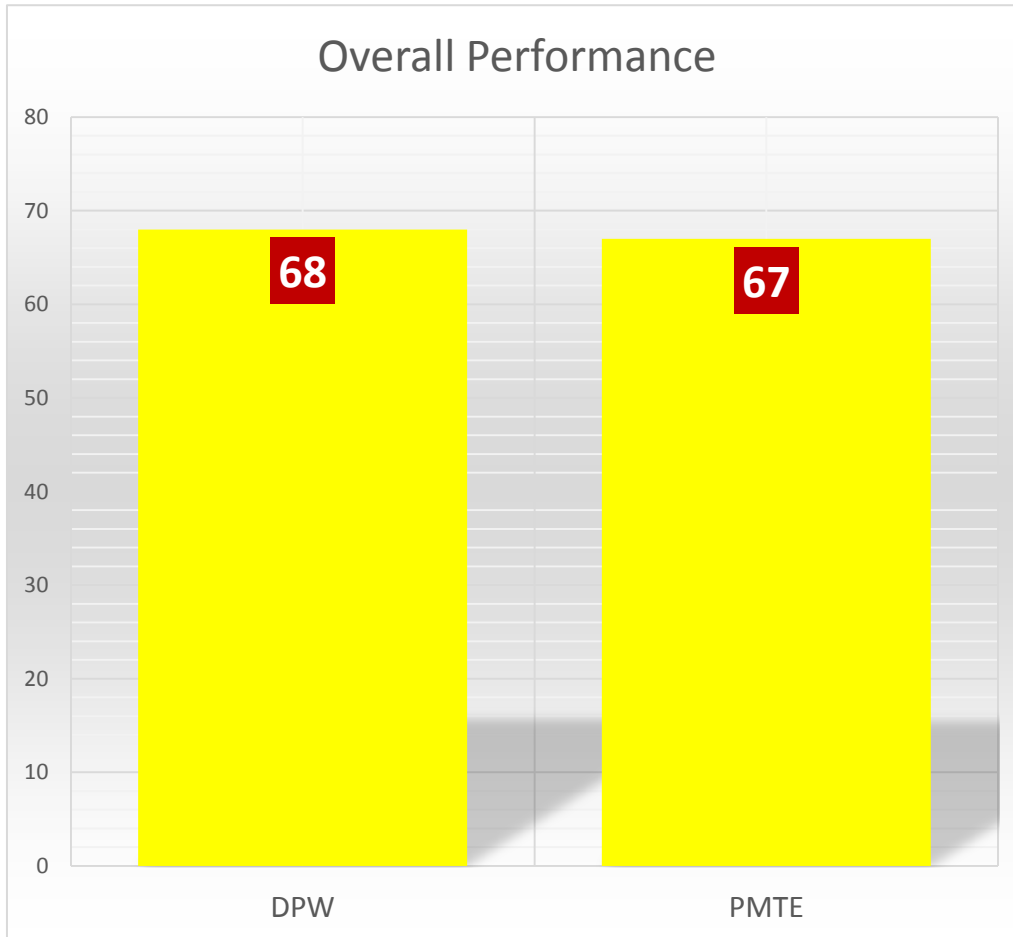
Quarter-on-Quarter Comparison (%)



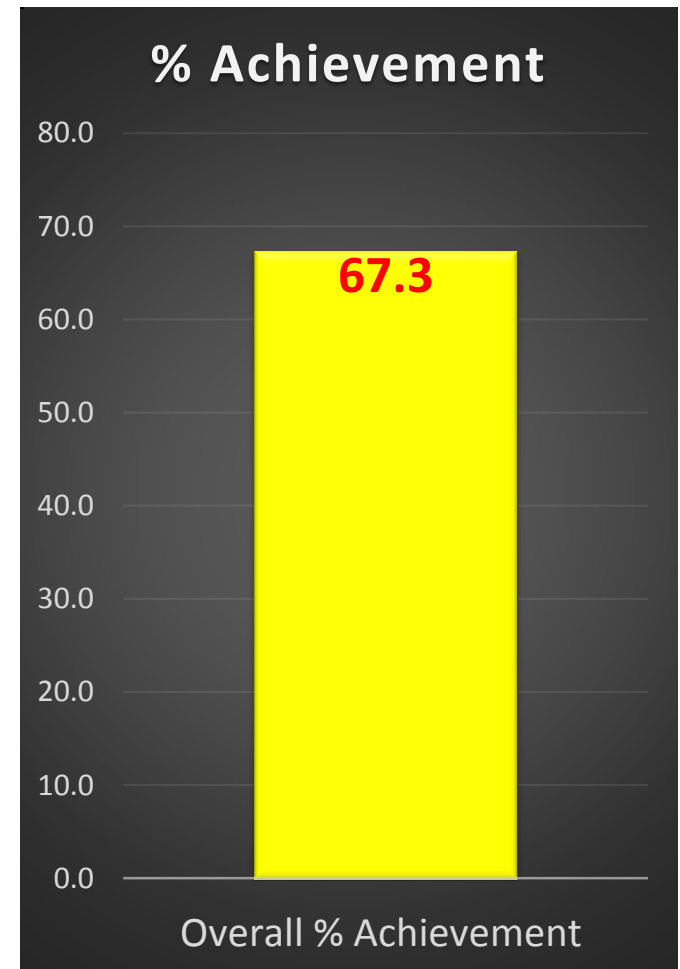
- On average the performance of the DPW and PMTE is improving
- Both entities are performing above the average performance level (50%)

DPW and PMTE Combined Performance

**DPW and PMTE Overall Performance Achievement
for Quarter 2 2016/17**



**Combined Performance achievement for
Quarter 2 2016/17**



Responses to underperforming performance measures

Programme: 4: Real Estate Management

- The responses for properties advertised (based on the identified properties for letting out) has been low affecting the performance measure on letting out for revenue generation
- The Department in future will work with the Estate Agents
- Panel of Estate Agents to be procured
- In terms of leases awarded to Black Owned – A Property management Empowerment policy is under review
- Stakeholder engagement on the Policy underway and expected to be finalised by 31st March 2017
- The policy will enable implementation of a structured transformational programme

Responses to underperforming performance measures

Programme: 5: Facilities Management

- On unscheduled maintenance – the Department will be measuring the effectiveness of the measures linked to turnaround for specified facilities (Top 300 facilities)
- The Department is re-focusing from reactive to planned and scheduled maintenance in line with the Facilities management Strategy
- Majority of the breakdowns are linked to critical components (such as lifts, heating, ventilation and air conditioning, boilers etc)
- The Department is embarking on comprehensive condition assessment for the purpose of implementing upgrades and ongoing maintenance programme for the critical components

4.1 Way Forward

- **SCM Reform**

Centralised supplier database / Appointment of panel of lessors

- **ICT Solutions**

Immovable Asset Management / Lease-in Portal / Condition Assessment

- **Real Estate Investment Services**

Fast tracking valuations, feasibilities and disposals to achieve set monthly targets.

- **Construction Projects Management**

Capacitating the branch with key skills / Introducing IDMS

- **Real Estate Management Services**

Leasing framework / Revision of lease agreements / standardisation of lease agreements

- **Facilities management**

Top 300 buildings / Develop internal technical skills capacity linked to resuscitation of workshops

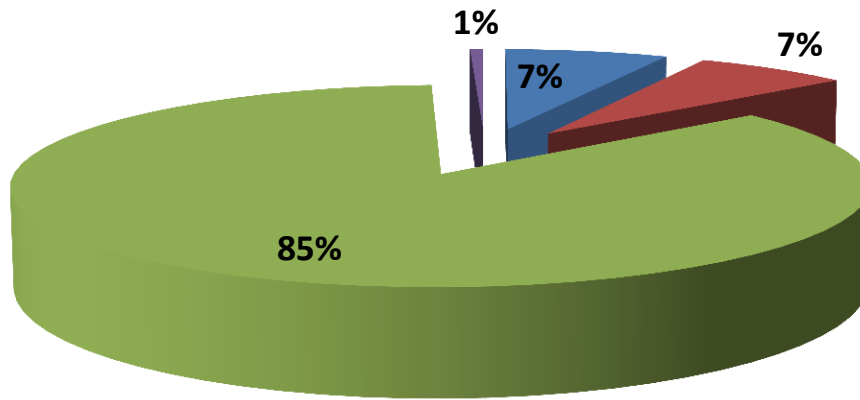
5. DPW Financial Information



Summary Expenditure per Economic Classification - 30 September 2016

Expenditure Economic classification – First Quarter Report – (50% Guideline)					
For the second quarter ended 30 September 2016					2015/16
	Percentage of total budget	Annual Appropriation	Actual Expenditure as at 30 June 2016		Actual Expenditure – September 2015
	%	R'000	R'000	%	R'000 %
Current payments					
Compensation of employees	7%	471 825	227 320	48%	219 346 46%
Goods and services	7%	433 258	148 025	33%	184 943 45%
Transfers and subsidies	85%	5 570 208	2 772 734	50%	2 083 241 38%
Payment for capital assets					
Machinery & equipment / intangible assets	1%	37 508	7 538	20%	10 513 38%
Total		6 512 799	3 155 617	48%	2 498 709 39%

Budget Allocation per Economic Classification Chart – 2016/17



- Compensation of employees
- Goods and services
- Transfers and subsidies
- Machinery and equipment

Notes to Expenditure Summary per Economic Classification

Current year vs budget analysis

Current year vs prior year analysis

Compensation of employees

- Expenditure of 48% is in line with the guideline of the 50% for the second quarter.
- Spending for the second quarter is in line with the projections.
- No over spending projected at the end of the financial year.

- Expenditure has improved compared to the spending for the same time in the previous financial year (i.e. 46% at the end of September 2016)

Goods and services

- Spending of 33% for goods and services is in line with the projections for first quarter.
- No over spending is projected at the end of the financial year.

- Expenditure below the spending trend for the second quarter of the previous financial year (43% at the end of September 2016).
- Expenditure for the current financial year projected to increase in the third and fourth quarter.

Transfers and subsidies

- Expenditure in line with the drawings
- Approval for the adjustment of funds for the Agrément SA has been granted by Treasury, and the changes will be implemented during the adjustment estimated.
- Funds will be fully spent at the end of the financial year.

- Expenditure in line with spending trend for 2015/16.

Machinery and equipment

- Expenditure of 20% is in line with the drawings for the first quarter.
- ICT commitments other office equipment committed for the third and fourth quarter of the financial year.

- Expenditure below spending trend for 2015/16, as 38% was spent at the end of the second quarter.

Notes to Expenditure Summary

Transfers and Subsidies					
For the first quarter ended 30 September 2016 – (50% Guideline)				2015/16	
PROGRAMME	Annual Appropriation	Actual Expenditure as at 30 September 2016		Expenditure as at 30 September 2015	
	R'000	R'000	%	R'000	%
Construction Industry Development Board	52 059	26 029	50%	32 813	50%
Council for the Built Environment	43 413	21 707	50%	20 997	50%
Independent Development Trust *	-	-	-	50 000	100%
Common Wealth War Graves	28 234	28 234	100%	23 363	100%
Parliamentary Village	9 572	9 572	100%	9 096	100%
Property Management Trading Entity**	3 389 448	1 702 707	50%	1 050 693	30%
EPWP incentives	2 025 919	967 762	48%	912 283	54%
Construction Education Training Authority (CETA)	500	468	94%	0	0%
SACLAP	170	170	100%	0	0%
Agrément South Africa	12 383	12 383	100%	11 682	100%
Households	8 504	3 702	36%	9 850	97%
Total	5 570 202	2 774 433	50%	2 120 777	40%

* No funding allocated to the IDT in the current financial year

** Transfers budget to the PMTE has been decreased by R16 million during the AENE process

Summary Expenditure per Programme - 30 September 2016

Appropriation budget per Programme					
For the first quarter ended 30 September 2016 – (50% Guideline)					
PROGRAMME		Percentage of total budget	Annual Appropriation	Actual Expenditure as at 30 June 2016	
		%	R'000	R'000	%
1.	Administration	8	516 006	209 890	41%
2.	Intergovernmental Coordination	0	28 639	5 819	20%
3.	Expanded Public Works Programme	36	2 319 500	1 100 005	47%
4.	Property and Construction Industry Policy and Research	55	3 552 562	1 801 809	51%
5.	Prestige Policy	1	96 092	38 094	40%
TOTAL			6 512 799	3 155 617	48%

6. PMTE Financial Information



Summary of Revenue per Revenue type – 30 September 2016

Revenue– Second Quarter Report – (50% Guideline)				
For the second quarter ended 30 September 2016				
	Percentage of total budget	Annual Budget	Actual Revenue as at 30 September 2016	
	%	R'000	R'000	%
State Owned Accommodation Charges	36%	4 192 089	2 081 746	50%
Private Owned Accommodation Charges	33%	3 953 648	1 538 939	39%
Management Fees on Municipal services	1%	171 290	69 091	40%
Augmentation	29%	3 405 414	1 702 707	50%
Rental Debtors	<1%	40 253	23 869	59%
Other	<1%	20 801	13 800	66%
Total		11 783 494	5 430 152	46%

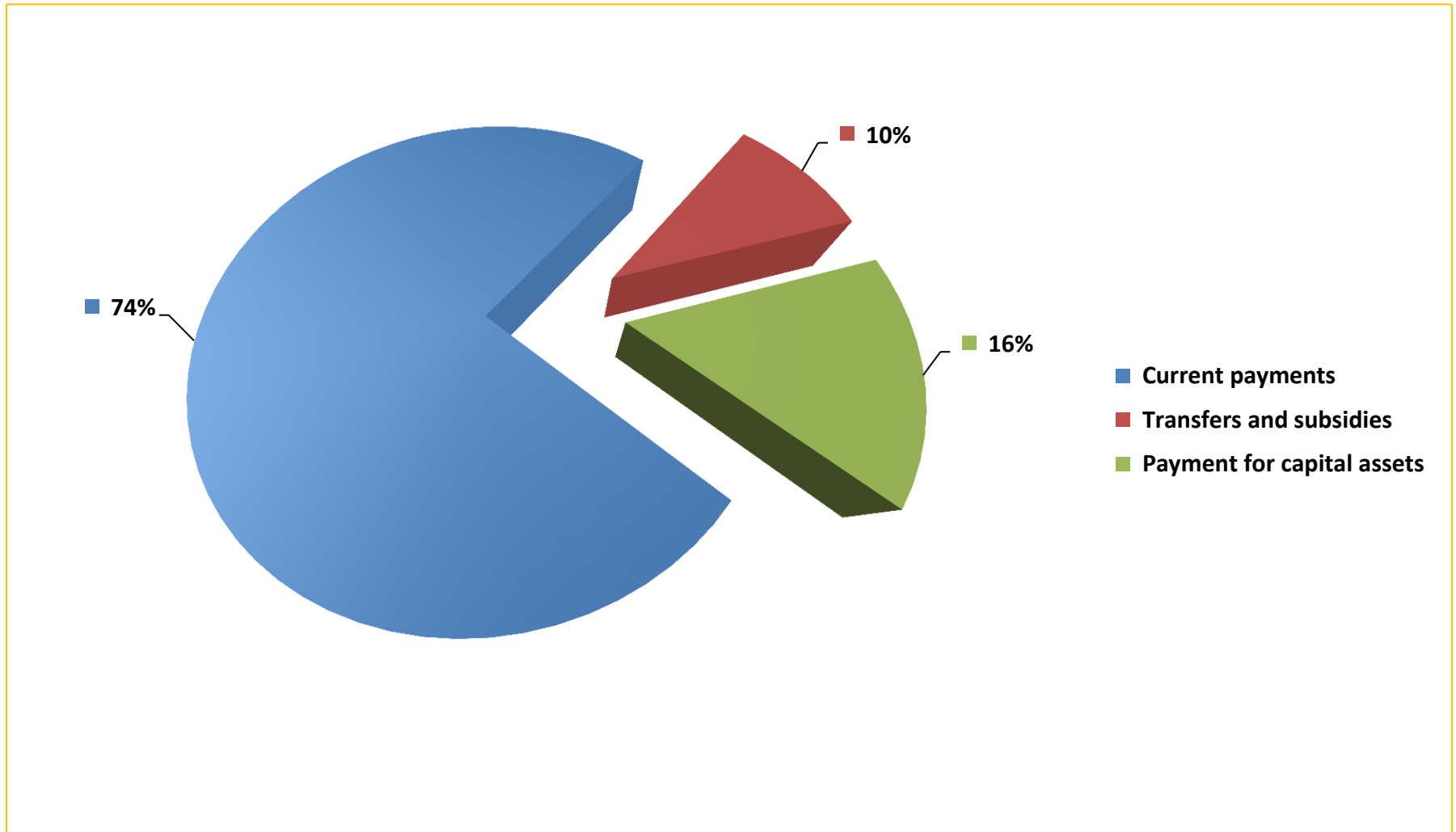
Summary Expenditure per Economic Classification - 30 September 2016

Expenditure Economic classification – Second Quarter Report – (50% Guideline)

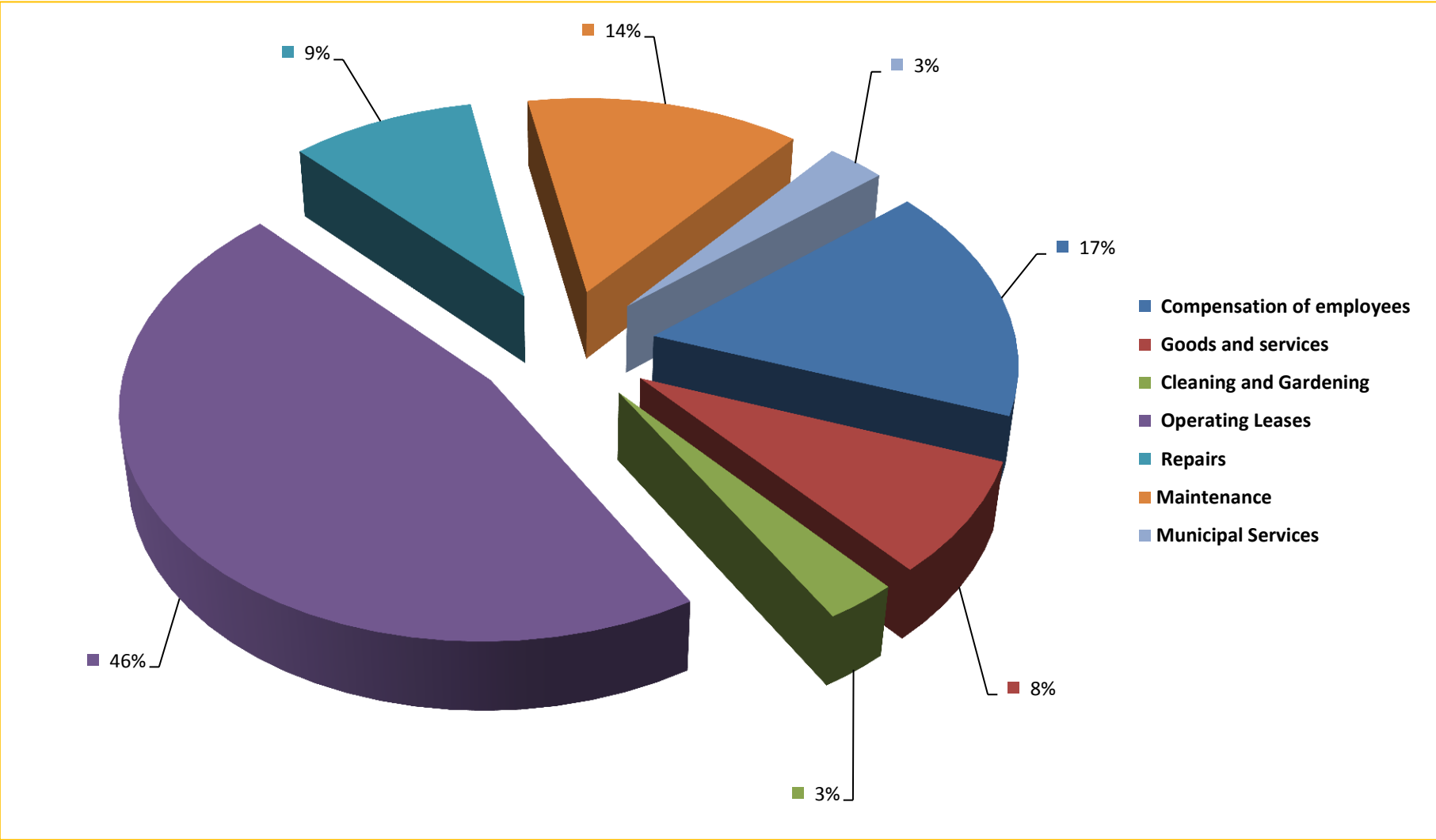
For the first quarter ended 30 September 2016

	Percentage of total budget	Annual Budget	Actual Expenditure as at 30 September 2016	
	%	R'000	R'000	%
Current payments	74%	8 784 703	4 462 723	51%
Compensation of employees	12%	1 469 783	744 340	51%
Goods and services	6%	705 421	270 256	38%
Cleaning and Gardening	2%	250 657	119 987	48%
Operating Leases	35%	4 074 622	2 061 200	51%
Repairs	7%	813 611	421 996	52%
Maintenance	10%	1 212 660	683 919	56%
Municipal Services	2%	257 949	161 025	62%
Transfers and subsidies	10%	1 161 796	782 449	67%
Property Rates	10%	1 161 796	782 449	67%
Payment for capital assets	16%	1 836 995	817 480	45%
Machinery & equipment / intangible assets	<1%	40 414	23 314	58%
Refurbishments	9%	1 094 172	555 797	51%
DPW Capital Infrastructure	6%	702 409	238 369	34%
Total		11 783 494	6 062 652	51%

Budget Allocation per Economic Classification Chart – 2016/17



Budget Allocation per Current Item Chart – 2016/17



Notes to Expenditure Summary per Economic Classification

Current year budget vs expenditure analysis

Compensation of employees

- The expenditure of 51% is in line with the time lapsed and the full budget will be spent.
- No over spending projected at the end of the financial year.

Goods and services

- Spending of 38% for goods and services in relation to the time lapsed is below the 50% guideline, but orders have been placed and delivery will take place during the third quarter. Invoices will be processed and expenditure will increase during the next quarter
- No over spending is projected at the end of the financial year.

Cleaning and Gardening

- Spending of 48% is slightly below the guideline and a minimal under-expenditure is expected. The saving will be applied to the shortfall being experienced against the Municipal Services budget.
- No over spending is projected at the end of the financial year.

Operating Leases

- Spending of 51% is in line with second quarter projections for this item
- No over spending is projected at the end of the financial year

Repairs

- Spending of 52% is higher than anticipated, but the implementation of new projects will be delayed slightly to ensure that no over spending occurs
- No over spending is projected at the end of the financial year

Maintenance

- Spending at 56% is high in relation to the 50% guideline. This is due to accrued expenditure emanating from the previous year
- Management has intervened to ensure that the expenditure levels decrease during the rest of the financial year

Notes to Expenditure Summary per Economic Classification (cont)

Current year budget vs. expenditure analysis

Municipal Services

- Spending is high at 62% against the 50% time lapse
- The projected shortfall will be financed through the expected under-expenditure against the Cleaning and Gardening budget.
- This expenditure is based on actual consumption and should in future decrease based on energy efficient measures being put in place

Transfers and subsidies

- All expenditure against this classification relates to Property Rates payable to Local Government
- Spending levels are high and might still increase due to the project to settle all outstanding Government Debt. Claims have been reconciled and are in the process of being settled.

Machinery and equipment

- Expenditure is at 58%, but it is line with the projections for this quarter as this budget represents once-off payments for supply and delivery of Capital assets.
- This item only represents 0.3% of the total budget
- No over spending projected at the end of the financial year.

Refurbishments

- Spending of 51% at the end of the first quarter is in line with projections based on the programme of projects to be implemented.
- Budgets have been realigned between projects to ensure full expenditure at the end of the financial year

DPW Capital Infrastructure

- Spending at 34% is low in relation to the 50% guideline
- The budget has been realigned between projects to ensure full expenditure at the end of the financial year
- Expenditure will increase during the year on projects awarded at the beginning of the financial year. (e.g. Ports of Entry, Antarctica)
- No under-expenditure is projected at the end of the financial year

Client Capital Expenditure Summary - 30 September 2016

Client Capital Expenditure – Second Quarter Report – (50% Guideline)

For the first quarter ended 30 September 2016

	Percentage of total budget	Annual Budget	Actual Expenditure as at 30 September 2016	
	%	R'000	R'000	%
Agriculture, Forestry and Fisheries	<1%	11 521	1 681	15%
Arts and Culture	12%	262 115	110 783	42%
Correctional Services	23%	478 739	238 988	50%
Defence	11%	230 679	42 446	29%
Home Affairs	2%	50 115	20 318	41%
Justice	25%	508 084	300 190	59%
Labour	<1%	16 090	5 525	34%
Rural Development	<1%	1 778	272	15%
SA Police Services	27%	552 733	273 974	50%
Total		2 024 546	994 177	49%

Notes to Client Capital Expenditure Summary

Current year budget vs expenditure analysis

Agriculture, Forestry and Fisheries

- Spending at 15% is low at the end of the second quarter
- Spending will increase during remainder of the financial year to ensure full expenditure at the end of the financial year

Arts and Culture

- Spending at 42% is low at the end of the second quarter
- 80% of the budget is allocated to four major projects that are currently under construction
- Spending should increase during the remainder of the financial year to ensure full expenditure at the end of the financial year

Correctional Services

- Spending at 50% is in line with projections for the second quarter
- 25% of the budget is allocated to two major projects that are currently under construction and spending well
- Spending will remain stable during the remainder of the financial year to ensure full expenditure at the end of the financial year

Notes to Client Capital Expenditure Summary (cont.)

Current year budget vs expenditure analysis

Defence

- Spending at 29% is low at the end of the second quarter
- The budget is allocated to several projects that are currently on tender or under construction
- Interventions are being put in place to ensure that the spending increases during the remainder of the financial year to ensure full expenditure at the end of the financial year

Home Affairs

- Spending at 41% is low at the end of the second quarter
- The budget is allocated to several projects that are currently on tender or under construction. 40% of the budget is allocated to one project which is currently under construction and spending well
- Indications are that the spending will increase during the remainder of the financial year to ensure full expenditure at the end of the financial year

Justice

- Spending at 59% is high at the end of the second quarter
- The budget is allocated to several projects that are currently under construction.
- The programme is being monitored closely and the Client is aware of the increased expenditure trends
- No over-expenditure is projected at the end of the financial year

Notes to Client Capital Expenditure Summary (cont.)

Current year budget vs expenditure analysis

Labour

- Spending at 34% is low at the end of the second quarter
- The budget is allocated to several projects relating to site clearance and new construction.
- Indications are that the spending will increase during the remainder of the financial year to ensure full expenditure at the end of the financial year

Rural Development

- Spending at 15% is low at the end of the second quarter
- The budget is mainly allocated to one major project that will be placed on tender during the financial year. The budget is allocated to professional fees and this amount will be paid during the third quarter
- Spending will increase during the remainder of the financial year to ensure full expenditure at the end of the financial year

SA Police Services

- Spending at 50% is in line with projections for the second quarter
- The budget is allocated to 181 projects that are currently in different stages of procurement
- Spending will remain stable to ensure full expenditure at the end of the financial year

Thank You



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