**Budgetary Review and Recommendation Report of the Portfolio Committee on Public Works, dated 22 October 2013**

The Portfolio Committee on Public Works, having considered the performance and submission to National Treasury for the medium term period of the Department, reports as follows:

**1. Introduction**

**1.1. Mandate of the Committee**:

The Portfolio Committee on Public Works is guided by the Rules of Parliament and the Constitution to play an oversight role over the Ministry, the Department of Public Works and its entities. In doing oversight, the Committee:

a)             Exercises its monitoring role in such a way that it contributes towards

the improvement of the quality of life of all South Africans;

b)            Scrutinises legislation and other policies that impact on the spheres of

Public Works;

c)             Facilitates interdepartmental and intergovernmental relations at all

spheres of government;

d)            Transforms the conduct of the Committee’s business to be sensitive to

provincial interests at the national level;

e)            Learns from international best practices that are relevant to its field of   jurisdiction to improve service delivery to all South Africans to its best.

**1.2. Description of core functions of the Department**:

The Constitution of the Republic of South Africa mandates the Department of Public Works to:

a)             Provide land and accommodation to national government departments and institutions;

b)             Manage such land and accommodation;

c)             Act as the custodian of national government’s immovable assets;

d)             Provide strategic leadership to the construction and property industries;

e)             Co-ordinate the implementation of the Expanded Public Works Programme;

f)              Have the Minister of Public Works carry out functions related to land and accommodation through the State Land Disposal Act (No. 48 of 1961).

The Department is also responsible for four entities that report to the Minister of Public Works as the executive authority. These entities are:

1)             Agrèment South Africa (ASA);

2)             Construction Industry Development Board (cidb);

3)             Council for the Built Environment (CBE);

4)             Independent Development Trust (IDT).

**1.3. Purpose of the B udget R ecommendation R eview Report**:

Section 77(3) of the Constitution stipulates that an Act of Parliament must provide for a procedure to amend money bills before Parliament. This constitutional provision resulted in Parliament drafting the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009).

The Act makes it obligatory for Parliament to assess the Department’s budgetary needs and shortfalls through its oversight of the Department’s operational efficiency and performance. The Department has oversight responsibilities over the four entities mentioned above.

**1.4.      Method**:

This report is based on information that was assessed and analysed from the Department and the entities through briefings, oversight visits and interaction with relevant stakeholders. Amongst these oversight activities, the Committee received a briefing from the Department of Public Works on its 2012/13 Annual Report, a briefing from the Office of the Auditor-General (OAG) on the audit outcomes and deliberations on the analysis that was undertaken by the Parliamentary support staff. These analyses focused on the performance of the Department in terms of its service delivery targets and financial performance. However, the Committee did not have sufficient time to interact with the four entities on their 2012/13 Annual Reports.

**1.5. Outline of the Budget Review and Recommendations Report**:

The report contains the following:

a)             An overview of the relevant key policy focus areas.

b)            A summary of previous key financial performance recommendations of the committee.

c)             An overview and assessment of financial performance.

d)            An overview and assessment of service delivery performance.

e)             A finance and service delivery performance assessment.

f)             The committee observation from oversight visit reports.

g)            A summary of engagements with the Department and its entities.

h)             A summary of reporting requests.

i)              The committee’s recommendations.

**2. AN Overview of the key relevant policy focus areas**

The 2012 and 2013 State of the Nation Addresses remained largely unchanged from previous ones delivered from as early as 2007 in many of the key areas. The 2012 State of the Nation Address (SONA) highlighted a number of priorities specific to Public Works. These included an extension of past concerns set out in the Departmental Strategic Plan for 2012-2016 and the Annual Performance Plan for 2012-2014. The areas of focus for the Department of Public Works remained the following:

a)     In response to the requirement of halving unemployment and poverty,   Phase II of the Expanded Public Works Programme (EPWP), aimed at creating 4.5 million work opportunities by 2014.

b)    Mitigating the effects of climate change through the implementation of energy and water efficient programmes in all Government buildings.

c)     Infrastructure development.

d)    The rehabilitation of immovable assets, provision of financial aid in job creation, as well as skills development. All Government departments in the Public Sector were also expected to achieve the 2% target of employing persons with disabilities.

The 2012 SONA’s main priorities, apart from the creation of job opportunities and poverty alleviation and addressing persistent challenges of unemployment, poverty and inequality amongst Africans, women and the youth, also included the slow growth and declining employment as a result of historical structural unemployment between the 1970s and early 2000s. Some of the main vehicles (identified in the 2012 SONA), included: infrastructure development, tourism, agriculture, mining, manufacturing and the green economy. The green economy extended to the implementation of the Green Economy Accord with economic stakeholders, as well as increased energy capacity through using renewable energy sources such as solar electricity and biofuels.

The Presidential Infrastructure Coordinating Commission, (PICC) was created as the body that would be responsible for administering the development of projects and infrastructure initiatives through the state-owned enterprises as well as national, provincial, and local government departments. These initiatives included the Presidential Special Project to revitalise Mthatha; the improvement of infrastructure on the West Coast of the country and the provision of social infrastructure projects, such as the refurbishment of hospitals and nurses’ homes.

The 2013 SONA, (similar to the one in 2012), recognised that marginalised communities, as well as women, youth and people with disabilities remained particularly vulnerable. In addition, people living in rural areas, many of whom lack the skills to enter the formal economy were of particular concern.

As with previous SONAs, areas of priority that were highlighted in the 2013 SONA included:  increased numbers of job opportunities that create decent work; utilising state-owned companies to provide unemployed youth with apprenticeships and learnerships; and reducing inequality and unemployment by absorbing young people into the EPWP and the Community Works Programmes.

Infrastructure development programmes remained central, and were focused on implementing Government’s social infrastructure plans to provide clinics, hospitals and schools, bulk water systems, bridges and transportation; and eradicating mud schools and unsafe structures, particularly in rural areas. The overarching focus on infrastructure was also highlighted through the implementation of programmes, through the NEPAD[[1]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn1" \o ")the Presidential Infrastructure Championing Initiative, which impacted on the large infrastructure projects to other countries on the continent; and ensuring that all departments’ activities aligned to the priorities outlined in the National Development Plan.

**2.1. Budget Review**

The Department of Public Works received a budget allocation of R7.9 billion for 2012/13, (prior to adjustment), with which to accomplish the priorities listed above. It represented an increase of 2.1 per cent in nominal terms, and a decline of 3.6 per cent in real terms from the 2011/12 adjusted appropriation of R7.8 billion. The Department’s budget represented approximately 1.5 per cent of the national appropriation by vote, excluding direct charges.

**2.2 Overview of key developments in the organisational and service**

**delivery environments of Department for 2012/13 and 2013/14 MTEF cycle**

The Minister of Public Works introduced the Turnaround Strategy at the beginning of 2012. It was aimed at ensuring the stabilisation of the Department; working towards a clean audit; completing a skills audit to determine the gaps in the skills requirements; and repositioning the Department to fulfil its core mandate. The planned intervention also aimed to ensure that the Department finalised a usable, updated and comprehensive Immovable Asset Register (IAR), which remains one of the requirements for the Department to receive a clean audit.

The Department employed a number of consultants to assist in the IAR project and spent a total of R268.7 million on consultants, contractors and agency/outsourced services. [[2]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn2" \o ")This is an overall decrease of R17.2 million from the 2011/12 financial year.

a)           Contractors received R49.7 million, a reduction of R105 million from 2011/12.

b)           Agent and support/outsourced services received R116.0 million, an increase of R39.3 million from the previous year.

c)           Business and advisory services increased by R40.1 million and the legal costs by R7.8 million from 2011/12. [[3]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn3" \o ")

The Department completed the State land reconciliation with the Deeds Office records at the end of 31 March 2013. A repository was created and cleaned IAR dated was placed on i-EWorks. [[4]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn4" \o ")A tool for the physical inventory process was also procured. [[5]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn5" \o ")

The Department further plans to formulate a custodian framework and develop a capitalisation policy. An operating model and fair value model are also planned, which will provide the Department with tools to leverage the considerable property portfolio in the interest of economic development.

The EPWP created a total of 3.1 million work opportunities in Phase II (April 2009 – 31 March 2013), that represents 68% of the targeted 4.5 million work opportunities for the five year period. Three provinces (Eastern Cape; Mpumalanga and Western Cape) all exceeded their targets for 2012/13, while the Northern Cape achieved 99% of its target. The remaining provinces all achieved over 70% of their targets. [[6]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn6" \o ")

The Department had planned to introduce several pieces of legislation to Parliament, which it now has shifted to the 2013/14 financial year. The legislation included the introduction of the Expropriation Bill (aimed at ensuring consistency with the Constitution and uniformity in the expropriation of property by all organs of State). In addition, the draft Agrément South Africa Bill must be finalised; and the Built Environment Professions Policy which is aimed at the possible amendment of the legislative framework governing the built environment professions. [[7]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn7" \o ")

**3. A Summary of previous key financial and performance recommendations of Committee**

The Committee recommended to the Minister of Public Works that systems for the management of rentals and leases entered into by the Department of Public Works on behalf of client departments should be sorted out and be fully functional by the end of the 2013/14 financial year.

The national, provincial and municipality asset registers were to be aligned by the end of 2014.The Minister needed to ensure that tender specifications on all EPWP projects included the appointment of women contractors and people with disabilities.

The Minister of Public Works needed to ensure that there were policies in the Department of Public Works for state funerals.

The Minister of Public Works needed to ensure that the Department of Public Works regulated the professional fees charged by the consultants.

The committee made a strong recommendation that the Minister needed to re-open the workshops to facilitate the training of artisans nationally and in all the provincial departments of Public Works.

**2. AN Overview and assessment of financial performance**

The Department’s 2012/13 main appropriation of R7.9 billion was adjusted by R102.6 million. A total of R7.2 billion or 91.3% of the final appropriation was spent at the end of 31 March 2013, and resulted in a total under expenditure of R687.3 million. The Office of the Auditor-General (OAG) highlighted material findings on the reliability of information for Programme 2: Immovable Asset Management and Programme 3: Expanded Public Works Programme (EPWP). The OAG further noted that  the Department lacked standard operating procedures to record actual achievements accurately; and monitor completeness of source documentation which supports actual achievements which must constantly be reviewed. [[8]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn8" \o ")

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| **4.1. Overview of Vote allocation and spending (2009/10 2014/15)** | | | | | | | | |
| **Programme**  **R’000** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | | | **2013/14** | **2014/15** |
| **Outcomes** | **Outcomes** | **Outcomes** | **Main** | **Adjusted** | **Outcomes** | **Estimates** | **Estimates** |
| **Administration** | 773.4 | 679.5 | 837.1 | 893.9 | 1 004.9 | 856.2 | 1 148.2 | 1 148.4 |
| **Immovable Asset Management** | 4 265.1 | 4 968.5 | 5 001.7 | 5 364.0 | 5 052.9 | 4 563.5 | 2 984.0 | 3 260.6 |
| **Expanded Public Works Programme** | 429.5 | 914.9 | 1 163.0 | 1 659.0 | 1 729.1 | 1 704.1 | 1 984.0 | 2 076.4 |
| **Property and Construction Industry Policy Regulations** | 26.0 | 28.0 | 34.4 | 37.4 | 37.4 | 26.9 | 39.9 | 41.5 |
| **Auxiliary and Associated Services** | 39.6 | 24.1 | 25.2 | 39.3 | 66.8 | 53.3 | 50.7 | 52.8 |
|  |  |  |  |  |  |  |  |  |
| **Total** | **5 533.6** | **6 615.1** | **7 061.4** | **7 993.8** | **7 891.2** | **7 203.9** | **6 170.0** | **6 579.7** |

(Source: National Treasury (2013)).

**4.2. Financial performance 2012/13**

The under-spending occurred in programmes 1 to 4. Programme 1 incurred under expenditure of R148.7 million, after receiving additional funds of R111 million during the adjustment estimates. Under-spending was incurred under the item of goods and services for office accommodation in terms of lease payment; and for the implementation of the Turnaround Strategy. The procurement of an Accounting System for the PMTE for which additional funds of R20 million was received during the adjustment estimates that was also not spent. [[9]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn9" \o ")The Department would still have underspent by an amount of R37.7 million without the additional funding received from the adjustment.

The allocation for Programme 2’was reduced by R311.1 during the adjustment estimates, from R5.4 billion to R5.1 billion. The programme underspent by R489.4 million at the end of 31 March 2013. The decline was mainly due to under-spending on infrastructure that resulted from delays in implementing infrastructure projects in the Department. [[10]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn10" \o ")

The allocation for Programme 3 increased by R70.1 million during the adjustment estimates to R1.7 billion. The programme underspent by R25 million at the end of the 2012/13 financial year. If the allocation had not been increased from the main appropriation, programme would have overspent by R45.1 million. The under expenditure for the EPWP programme was due to lower than expected spending on consultancy fees. [[11]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn11" \o ")The programme received a virement of R260 000 from Programme 2 to offset over expenditure under machinery and equipment.

The allocation of R37.4 million for programme 4 remained unchanged during the adjustment estimates. The programme underspent by R10.5 million during the first 3 quarters, mainly due to lower than anticipated expenditure on compensation of employees as a result of the non-filling of vacant posts. [[12]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn12" \o ")Additional under expenditure occurred due to low spending for border fencing from a total allocation of R24.7 million under goods and services. [[13]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn13" \o ")

Programme 5, underspent R13.5 million of its total adjusted allocation of R66.8 million. The programme added approximately R28 million from its main appropriation of R39.3 million, that was adjusted from Programmes 1 and 2, to offset the unforeseen expenditure for two State funerals. [[14]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn14" \o ")

The expenditure of the Department in all its programmes for the 2014/15 and 2015/16 financial years should be closely monitored on a quarterly basis to ensure that the expenditure is on its planned programmes. Of particular concern is the expenditure on compensation of employees and infrastructure. The Department requires technically skilled and appropriate staff to address its high vacancy rate thereby meeting its objectives. The infrastructure programmes should also be monitored, particularly, procurement and SCM processes; overpricing and collusion; and proper reporting on the EPWP.

The implementation of the Department’s Turnaround Strategy should especially be scrutinised during the 2014/15 and 2015/16 financial period, given that it is the vehicle which aims to stabilise the Department to meet all its obligations, finalise a reliable Immovable Asset Register, as well as coordinate the implementation of the EPWP towards addressing poverty and unemployment. It is important that progress on the EPWP is monitored and reviewed as its 5-years will conclude and a third Phase is being considered. The allocation for the programme will gradually increase from R1.7 billion in 2013/14 to almost R2.0 billion in 2014/15 and R2.1 billion in 2015/16. [[15]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn15" \o ")

**4.3. Auditor - General Report:**

The Department of Public Works (DPW) received a Qualified Audit Opinion. This is an improvement from the Disclaimer of Opinion with matters and additional matters that it received in 2010/11 and 2011/12.

The Property Management Trading Entity (PMTE) received a Disclaimer of Opinion (including emphasis of matters and additional matters) from the Auditor-General (AG) for the 2012/13 financial year. The PMTE must still improve as it received a Disclaimer for the third year in a row.

The Department has incurred irregular expenditure over a number of years. As well as experienced challenges in its supply chain management (SCM) and internal controls. For the 2012/13 financial year, the AG was unable to determine whether the Department implemented and maintained an appropriate provisioning system and if the award of R32.2 million (2012: R15.8 million) followed (SCM) prescripts. [[16]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn16" \o ")The Department also realised material under-spending of R489.4 million [[17]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn17" \o ")under Programme 2: Immovable Asset Management which impacted on the meeting of its infrastructure delivery objective.

Incomplete process existed in the Department for identifying and recognising all irregular expenditure incurred by the PMTE, hence uncertainty related to the disclosed irregular expenditure of R874.5 million (2012: 168.2 million). This resulted in the AG being unable to determine if the PMTE implemented and maintained an appropriate system for identifying irregular expenditure. [[18]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn18" \o ")In addition, the AG was also unable to determine if adjustments were necessary with regard to stated irregular expenditure of R2.6 billion, (2012: 1.4 billion); and if any adjustment to the financial statements was necessary, in terms of the stated fruitless and wasteful expenditure of R254.4 million (2012: 239.9 million).

The Department did not conduct effective risk management activities, including the consideration of information technology risks and fraud prevention. The Internal Audit Unit was not adequately resourced to effectively identify internal control deficiencies as well as make recommendations on corrective measures. Additional challenges included allegations related to transgressions in SCM, potential fraud and financial misconduct as well a probe into alleged abuse of the urgent and emergency procurement and the utilisation of sole suppliers. Further, the Public Protector also conducted a probe into the allocation of funding to projects and procurement processes following alleged “misappropriation of public funds by the Department in the installation and implementation of security measures at President’s private residence at Nkandla.” [[19]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn19" \o ")All these areas highlight the lack of sufficient internal control in the Department.

The Department’s PMTE experienced a number of challenges that included: theft and losses of R22.6 million (2012: R26.7 million); improper procurement and contract management processes and procedures were followed; failed to comply with Treasury Regulations; and persons in service of PMTE with private interests or business interest in the contract contravened Treasury and Public Service Regulations. [[20]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn20" \o ")

The PMTE also did not implement proper and timely record keeping ensuring that the information was accurate and relevant. Internal investigations were also continuing related to SCM transgressions; potential fraud and financial misconduct; alleged abuse of urgent and emergency procurement. A need also existed to determine whether there was collusion between officials and service providers, and reckless spending of funds. [[21]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn21" \o ")

**4.4. Financial performance 2013/14**

The Department of Public Works received a budget allocation of R6.2 billion for 2013/14 with which to accomplish its core priorities. It represents a decrease of 21.8% in nominal terms, and 26.0% in real terms from the 2012/13 adjusted appropriation of R7.9 billion. The Department’s budget represents approximately 1.0% of the national appropriation by vote, excluding direct charges.

The Department spent R1.2 billion or 19.6% in Quarter 1 from the Department’s total allocation for 2013/14. During the same period for the 2012/13 financial year R2.2 billion or 27.5% of the total allocation was spent. This is a trend that should be monitored, given that it falls short by 5.4% of the minimum projected target of R1.7 billion for the first quarter of 2013/14. [[22]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn22" \o ")The shortfall of R467.6 million is mainly due to: lower than expected expenditure on office accommodation (R156.1 million); slow spending on infrastructure (R40.5 million); and the rescheduling of transfer payments to the Property Management Trading Entity (PMTE). [[23]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn23" \o ")It should be noted that expenditure on infrastructure is usually slow during the first quarter due to the finalisation of the Department’s planning processes.

As noted above, the Department spent R2.2 billion of an estimated R2.4 billion by the end of Quarter 1, which constituted 30% of the total budget for 2012/13. The Department therefore experienced under-expenditure of R299 million, that was mainly due to under-expenditure for infrastructure. [[24]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn24" \o ")The slow spending for infrastructure in the first quarter remains a constant, which might suggest that the planning processes of the Department be reviewed. Especially given that the slow spending on infrastructure is attributed to planning processes, which could indicate that the Department consider initiating its planning prior to the beginning of the first quarter.

Transfers and subsidies consisted of a total allocation of R2.5 billion of which R604.6 million or 23.8% was transferred in Quarter 1. In 2012/13 the Department received a total of R4.2 billion in transfers and subsidies and spent R1.4 billion or 33.2% of an anticipated 1.5 billion in Quarter 1. The expenditure for the same period in 2013/14 shows a decline of 9.4% from the previous year.

In Quarter 1 of 2013/14, a total of R240.0 million or 19.6% was transferred to Provinces and Municipalities, from an allocation of R1.2 billion. During the same period in 2012/13, R991 million or 29.5% was transferred to Provinces and Municipalities, from an allocation of R3.1 billion. It was noted that for two consecutive years, provinces and municipalities experienced slow movement in payments of the EPWP Infrastructure Grant, due to the failure of some eligible bodies to meet the conditions of the performance targets, for them to receive the Grant. [[25]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn25" \o ")

**4.5. 2014/15 MTEF financial allocations**

The section provides a summary of funding submissions to National Treasury for the 2014/15 MTEF.

The Department requested an allocation of R6.6 billion for the 2014/15 financial year, which constitutes an increase of R409.7 million. The allocation for the Administration programme remains practically unchanged at R1.1 billion for 2013/14 and 2014/15 respectively. [[26]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn26" \o ")A total of R279.4 million will be reprioritised from the Infrastructure budget towards the Administration and Immovable Asset Management programmes to provide for the implementation of a turnaround programme. [[27]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn27" \o ")

The allocation for programme 2 Immovable Asset Management rose to R3.3 billion in 2014/15 from R3.0 billion in 2013/14. This constitutes an increase of R276.6 million. However, the following reduction have been approved for 2014/15: R529.2 million was for the Infrastructure sub-programme; R2.2 to accommodate the phasing out of the Devolution of Property Rates Fund grant which will in future form part of the provinces’ equitable share; a transfer of R160 million from the Department’s Infrastructure budget to the Department of Home Affairs for the management of border infrastructure. [[28]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn28" \o ")

The EPWP allocation increases by R128.4 million to R2.1 billion in 2014/15, from a total allocation of R1.9 billion for the 2013/14 financial year. The EPWP Integrated Grant for Municipalities will be reduced by R23.9 million in 2014/15 and a further R37.5 million in 2015/16. A further reduction of R12.3 million will be made on the EPWP Integrated Grant for Provinces in 2014/15. A total of R87.7 million from the EPWP Integrated Grant for Municipalities will be reprioritised, (through an adjustment to the Department’s baseline), to the EPWP Non-State Sector for the creation of additional work opportunities. [[29]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn29" \o ")

Programme 4 is allocated a total of R41.5 million in 2014/15, which is an increase of R2.3 million from the allocation of R39.2 million in 2013/14. The Council for the Built Environment will receive a total of R10.2 million from reprioritised funds from the Department’s Infrastructure budget towards the acceleration of transformation in the built environment sector. [[30]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn30" \o ")The IDT will receive R50 million in 2014/15 and 2015/16 respectively in reprioritised funds from the funds from the Department’s Infrastructure budget towards the implementation of a transformation programme within the Entity.

The Auxiliary and Associated Services programme is allocated R52.8 million in 2014/15 which is an increase of R2.1 million from the allocated R50.7 million in 2013/14. The programme is mainly responsible for the transfer of funds to the Assistance to Organisations for the Preservation of National Memorials as well as State Functions among others. The bulk of the programmes allocation is usually assigned to these two sub-programmes with the former receiving R20.5 million for 2013/14 which increased by R1.2 million, to R21.7 million in 2014/15, while the latter also received R27.1 million for 2013/14 and R27.7 million, which represents a slight increase for 2014/15. The increase in the allocation for the State functions sub-programme is mainly linked to inauguration ceremony of the President following the 2014 elections. [[31]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn31" \o ")

**4.6. Concluding comments on financial performance**

The funding requirements of the Department relate to the implementation of its core functions of infrastructure delivery and official accommodation for National Department, hence the requirement of an accurate Immovable Asset Register; and the EPWP in terms of providing job opportunities for poor and marginalised communities. The Turnaround Strategy of the Department also forms the core part of the plans as it will address some of the serious challenges in the Department; especially those related to the need for technical staff such as, project managers, engineers, quantity surveyors, amongst others.

**5. AN Overview and assessment of service delivery performance**

**5.1. Service delivery performance for 2012/13**

The Department of Public Works’ main policy priorities were aligned to Government’s 2012/13 Medium Term Expenditure Framework (MTEF), three of Government’s 12 outcomes, and the Minister’s Performance Agreement and Service Level Agreements signed with all other departments. [[32]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn32" \o ")The Department’s planning encompassed three key sector outcomes, namely, creating decent employment through inclusive economic growth; sustainable human settlements and an improved quality of life; and an efficient, effective and development-oriented public service and an empowered fair and inclusive citizenship. [[33]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn33" \o ")Phase II of the EPWP is focused on alleviating unemployment amongst the youth and meeting the annual targets on work opportunities created. The building programme was used to generate more work opportunities through the EPWP, as well as more permanent jobs. Government signed accords with business and labour on procurement, skills development, basic education and the green economy.

In 2012/13, the provincial and municipal EPWP projects included: refuse collection; beach cleaning; clearing of alien vegetation; pothole or road mending; and the painting of Government buildings. [[34]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn34" \o ")The Department also reviewed methods of up scaling and expanding existing projects and identifying new ones.  The Department also acted on the recommendation by the Portfolio Committee on Public Works that low capacity municipalities, be assisted with funding so as to participate in the EPWP and thereby accessing the Incentive Grant. The Incentive Grant Model was therefore reviewed in collaboration with the National Treasury, the South African Local Government Association (SALGA); and the Department of Cooperative Governance and Traditional Affairs (COGTA).

The Infrastructure Sector EPWP Grant Model was revised and amended from a Schedule 8 Grant (incentives to provinces and municipalities) to a Schedule 5 (provinces) and Schedule 6 (municipalities) Grant to make funding more predictable. This amendment allowed rural municipalities’ upfront access to a 40% portion of the Grant so as to initiate labour intensive projects. Upon completion of the projects and the reporting on the number of job opportunities created, the municipalities receive the final 60% Incentive Grant in two 30% payments.

All participating bodies are required to provide job opportunities for 2% of the people with disabilities. This proved difficult as most participating bodies only managed to reach 1% or less of the 2% target. The Portfolio Committee on Public Works advised the Department and municipalities to liaise with organisations that advocate on behalf of persons with disabilities, to increase participation on EPWP projects.

**5.2. Programme Performance**

This section provides an analysis of the performance of the Department under each of its five main programmes. The analysis focuses particularly on the overarching targets and achievements under each programme and highlights some of the challenges that prevented the Department reaching its stated goals.

The Administration programme completed 16 of a total of 37 targets for the year under review. A total of 21 or 56.8% of the targets were not achieved, while R856.2 million or 85.2% of the total programme allocation was spent by the end of the financial year. The programme also reported a high vacancy of 137 from a total of 728 posts. The programme had 591 filled positions, with an added 21 posts filled additional to the establishment.[[35]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn35" \o ")

The SCM, Internal Audit and Monitoring and Evaluation programmes are crucial for the financial stability of the Department, as well as to prevent irregular, fruitless and wasteful expenditure and to detect corruption. The weakness in the Department’s systems and internal controls does not allow for the proper management and monitoring of its financial position. In 2005, the Department implemented a SCM Unit (which consisted of a minimal structure) that operated across the Head Office and the regional offices. A contributing factor to the weaknesses in the internal controls of the Department can therefore also be attributed to the appointment of personnel that were not necessarily SCM practitioners and comprised of contract workers and interns. [[36]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn36" \o ")In addition, four cases of misconduct for irregular, fruitless and wasteful expenditure were addressed in disciplinary hearing for the period under review. [[37]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn37" \o ")

Programme 2 is one of the main programmes of the Department and received R5.1 billion of the programme allocation, and reported on 40 targets of which 17 or 42.5% were achieved. At the end of the financial year a total of 23% or 57.5% of the targets were not achieved while R4.6 billion or 90.3% of the programme’s budget was spent. The programme has 4 640 or 82.1% posts filled from a total 5 654. The programme reported a vacancy of 1 014, and 299 positions additional to the establishment were also filled. [[38]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn38" \o ")

A number of reasons were given for the lack of progress in meeting the stated targets included: lack of capacity; vacancies in the areas that required technically skilled personnel; and a lack of proper planning. [[39]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn39" \o ")

The 2013 SONA recognised that Programme 3 remains one of the important focus areas for Public Works, in terms of the creation of job opportunities and poverty alleviation through the EPWP; provision of decent work; and skills development for youth, women and people with disabilities in marginalised communities. Of equal importance is the National Development Plan’s (NDP’s) recognition of the high unemployment rate in the country, exacerbated by distorted patterns of ownership and economic exclusion. [[40]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn40" \o ")

The legacy of economic exclusion and distorted patterns of ownership, among others, resulted in an unequal society where a large portion of society lives in poverty. It is for this reason that the EPWP was launched to attempt to intervene and address the “Low levels of competition for goods and services; large numbers of work seekers unable to enter the labour market; low savings; and poor skills profile.” [[41]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn41" \o ")

The EPWP received the second largest allocation after Programme 2, with a total of R1.73 billion of which 98.6% or R1.70 billion was spent. The bulk of the programme’s allocation, R1.46 billion is for transfers and subsidies to provinces and municipalities for payment of conditional grants for the implementation of EPWP projects. However, while the expenditure of the programme equalled R1.45 billion or 99.9%, it did not achieve any of the 4 (0%) targets set for the 2012/13 financial year.

The factors cited as contributing to the negative report included: public bodies failing to report, as well as under and poor reporting; lack of capacity to implement projects; and projects in business plans of provinces not implemented as planned. The AG also highlighted that the information provided in terms of important targets was unreliable when “compared to the source information and evidence provided.” [[42]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn42" \o ")

**The AG****[[43]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn43" \o ")noted that:**

·         Written assurances were not always received from entities that effective, efficient and transparent financial management control systems were present prior to transferring funds or conditional grants.

·         Operational procedure and monitoring mechanisms over all transfers made and received were not assessed by the Internal Audit function.

The EPWP Unit addressed the above concerns by providing technical support to the provinces, municipalities, as well as all other spheres of government to ensure that all EPWP requirements are met. However, the EPWP Unit’s staff compliment equals 246 or 82.6%, and a vacancy of 52 positions from the 298 available posts. [[44]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn44" \o ")An additional 28 posts were also filled additional to the establishment, which negatively impacts on the filling of existing vacancies.

The above programme falls under strategic goal 4: “Decent employment through inclusive economic growth,”[[45]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn45" \o ")it is therefore important that the above obstacles, preventing the programme from reaching its performance targets be addressed. The EPWP also forms part of Government’s initiative to fulfil the Millennium Development Goals (MDG 1), eradicating extreme poverty and hunger and halving unemployment by 2015.

Programme 4 only met 1 of its 8 targets for the 2012/13 financial year. The programme received R37.4 million and spent R26.9 million or 71.7% of its allocation. The staff complement equals 17, (with 2 posts filled additional to the establishment), and a vacancy of 8 personnel from 25 available positions. This programme has the lowest vacancy in the Department; however, it is also a crucial programme as it deals with policy formulation for the construction and property sectors; drafting of legislation, [[46]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftn46" \o ")amongst others.

Five of the programme’s targets were not finalised or approved by 31 March 2013. Explanations provided included delayed internal consultation processes; or underestimating duration of consultation and consideration of policy options; which indicates a lack of proper planning.

This programme does not have a staff complement as its main function is to transfer funds and meet protocol responsibilities for State functions. The programme received an allocation of R38.8 million and a virement of R28.0 million thereby increasing the allocation to R66.8 million of which R53.3 million or 79.8% was spent.

The virement was mainly to increase the allocation for State functions to R43.1 million as it only received R15.1 million and spent R36.6 million or 85% of the programme allocation. A transfer of R15.4 million or 81.5% was made for assistance to the Organisations for the Preservation of National Memorials from an allocation of R18.9 million. These two sub-programmes usually receive the bulk of the programme’s allocation. The Department indicated in the past that the challenges with the above sub-programmes included uncertainty in planning for certain State functions such as funerals or unplanned functions; as well as fluctuations in the exchange rate. These issues sometimes impact negatively on the planning of the Department and budget allocated for programme 5.

**5.3. Service delivery performance for 2013/14**

The Department presented before the Committee the first quarter report, 2013/14:

The Director-General, as the Accounting Officer in the Department, noted the improvement in the Annual Performance Plans as result of broader management participation leading to ownership and better understanding Planning and the linkages between the Annual Performance Plan (APP) and Strategic Plan. Prioritisation of risk factors within the Department with the aim of redressing such risks; these high level risk elements are then narrowed into individual business risk registers in the following risk areas – strategy, people, processes and technology.

Approved Monitoring and Evaluation policy established a framework within which the Department could monitor, report, evaluate its programmes and make publicly available quality performance information (as stipulated in the Strategic Plan and APP).

Institutional support provided to Provincial Departments of Public Works in the development of customised performance indicators – concurrent mandate as per the requirements of the Framework for Managing Programme Performance Information (FMPPI-2007) and notwithstanding Schedule 4 of the Constitution

Well-coordinated governance and accountability meetings that sought to redress challenges facing the Department and these include well coordinated MinMec, MinTop, EXCO and Entities and the recording and follow-up on resolutions e.g. example, DPW Accountability EXCO addressing AGSA Audit findings.

In terms of Supply Chain Management, a Draft SCM Policy for improved procurement processes was formulated. Some of the delays in executing activities were linked to weak SCM process without guidelines, standards and procedures. In addition capacity constraints during high levels of demand for SCM processes. The Draft SCM Policy incorporated all applicable circulars and practice notes issues by the National Treasury and CIDB. Key Deliverables of the SMC include; finalisation of the SCM Policy, SCM Value Chain, SCM Structure, training of SMC staff, Demand Management Framework and Acquisition Management Framework

In terms of the Asset Register, the project was on track, although some delays were experienced in the procurement of a service provider owing largely to the magnitude of the programme, complexity and legacy of unresolved issues, a lack of guiding policies and frameworks registered State land reconciliation were completed and some progress had been recorded. A completion of 2 778 leases via a desktop review in an effort to address the leasing backlog was conducted.

The overall expenditure for the Department as at the end of June 2013 was R1.2 billion and expenditure was equivalent to 20% of the total allocation. Compensation of employees’ expenditure for the month ended June was R356 million and the amount spent was equivalent to 24% of the total allocation. Expenditure for compensation was in line with guide line of 25%.Future expenditure for Compensation was projected to increase higher than the guideline as advertised posts for professionals were being filled. Goods and Services expenditure for the month ended June was R141 million and expenditure was equivalent to 10% of the total allocation.

Expenditure for transfers and subsidies for the end of June was R605 million and expenditure related to funds transferred to:

a)     Infrastructure expenditure for the end of a June is R86 million and expenditure was equivalent to 13% of the allocation of R 676 million,

b)    Machinery and equipment expenditure for the end of June was R22 million and expenditure was equivalent to 21% of the total allocation of R102 million

Compared to the previous year, expenditure trends were lower. Expenditure against Property Rates was in line with the first quarter of the previous financial year.

**5.4. Other service delivery performance findings**

**5.4.1 EPWP**:

The Committee noted that there were still some municipalities that were failing to understand the principles of the programme. The committee noted that there were still some municipalities that failed to employ dedicated EPWP officials that would be trained on the requirement of the programme as this was one of the key programmes of Government aimed at reducing poverty levels and unemployment.

The EPWP guidelines and the Ministerial Determination were not always followed to include technical aspects of the programme.

The varying stipend rates applied in different areas against the Ministerial determination remains a concern.

Branding of EPWP projects as implemented by different departments does not always occur and remains a concern.

**5.4.2 Asset Register and lease management**:

The management of leases has a direct bearing on the financial state of the PMTE and the fraud and corruption cases in the Department. The completion of the Asset Register by 2014 remains a concern.

**5.4.3 Policy**:

The Committee was looking forward to the introduction of the Agrèment South Africa Bill, Expropriation Bill, the Built Environment Professions Bill and the amendment of the Government Immovable Asset Management Act (GIAMA).

**6. COMMITTEE’S Observations and response**

**6.1. Technical issues**:

The Department promised to ensure that the Annual Performance Plans submitted to Parliament are specific; measurable; achievable; relevant and time bound (SMART).

The Department would provide monthly financial performance reports and internally audited financial statements on a quarterly basis.

**6.2. Governance and operational issues**

The Department would report to the Committee on a monthly to quarterly basis on the fraud and corruption-related investigations conducted both internally, and with the Special Investigating Unit.

The Department would ensure full use of i-Eworks, proper IT systems and the employment of persons with the required technical skills within the Department.

The Department will ensure that the required internal control measures are properly instituted and monitored.

**6.2.1. Service delivery performance**

The roll-out of phase two of the Expanded Public Works Programme (EPWP) was a success. The Department need to include training and ensure all programmes are labour intensive in the third phase of EPWP.

The Committee would monitor the developments in the Property Management Trading Entity, following the adoption of its business case and appointment of the head of that Unit. The high bank overdraft owed by the Entity remains a concern.

Under expenditure on the infrastructure projects also remains a concern, as this is one of the core functions of the Department. The challenge in delivering on its mandate affects the service delivery progress of other client departments.

**6.3. Financial performance including funding proposals**

The Committee welcomed the appointment of the Director-General and the Chief Financial Officer (CFO) for the effective execution of the Department’s mandate. It also noted the progress on the implementation of the Turnaround Strategy introduced by the Minister.

Under-spending, especially on the EPWP remains a concern, and is influenced by some municipalities that struggle with the understanding of the programme.

The Department’s continued review of its leasing portfolio should remain a priority, to ensure that all leases are cost-effective. The Department should ensure that lease agreements entered into are what is required by the client departments, are renewed on time, and client departments report when they vacate the buildings.

Client Departments must sign the Service Level Agreements, complete and forward all User Asset Management Plans, and make submissions on time.

**7. Summary of reporting requests**

**Reporting matter**

**Action required**

**Timeframe**

|  |
| --- |
|  |
| Audit outcomes | A written report with the details of the remedial actions that the Department will take | February 2014 |
| Audit finding:  Reliability of information on Programme 2 and 3 | Briefing by the Department that would address how the department would ensure there are uniform policies and procedures to address performance management and reporting and proper record keeping within the departments | February 2014 |
| Audit finding:  DPW/PMTE/IDT  Irregular and fruitless and wasteful expenditure | Briefing by the department on how they would put and implement effective controls | February 2014 |
| Audit finding:  Supply Chain Management queries | Briefing by the Department on how to address these, training of officials, developing policies and ensuring procurement planning and contract management | February 2014 |
| Audit finding:  Human resource management | Briefing by the Department on how it will address the challenges on the audit outcomes | February 2014 |
| Audit finding:  Information technology (IT) controls | Briefing by the Department on how it will address the challenges on the audit outcomes | February 2014 |
| Audit finding:  Material errors/omissions in submitted annual financial statements (AFS) | Briefing by the Department on how it will address the challenges on the audit outcomes | February 2014 |
| Audit finding:  Other non-compliance matters on Asset Management (DPW), Budgets (CBE), Financial misconduct (DPW/PMTE) Revenue management (DPW, PMTE, IDT) Strategic planning (PMTE), Transfer of funds and conditional grants (DPW), Banking and cash management (PMTE), Performance management (DPW) | Briefing by the Department on how it will address the challenges on the audit outcomes | February 2014 |
| Audit finding:  Financial health status (DPW, PMTE and IDT) | Briefing by the Department on how it will address the challenges on the audit outcomes | February 2014 |

**8. Recommendations**

The Committee recommends to the Minister of Public Works:

8.1        That the billing system used by the Department should meet the required accounting standards in order for the client departments to pay their rental and service costs. This would assist in paying the overdraft amount owed by the Property Management Trading Entity (PMTE).

8.2        That the national, provincial and municipality Asset Registers should be aligned by the end of the 2014/15 financial year.

8.3        That EPWP phase three complies with the EPWP guidelines and the Ministerial Determination.

8.4        That he should ensure that there are policies in the Department of Public Works for State funerals and functions.

8.5        That in the 2013/14 financial year the Department focuses on attracting and retaining the required technical skills.

8.6        That the Minister should continue to make staff accountable for unauthorised, irregular, fruitless and wasteful expenditure within the Department.

8.7        That the Minister should amend the disciplinary policy to include guidelines to assist the disciplinary committee when imposing sanctions.

8.8        That the Chief Financial Officer should provide comprehensive and accurate financial statements on a monthly basis, in order for the Committee to monitor the Department’s spending patterns and trends.

8.9        That the role of consultants should be monitored on construction projects, and that consultants should be held accountable, along with the contractors if projects have large overrun costs.

8.10      That outstanding legislation be finalised for tabling before Parliament by the end of the 2013/14 financial year.

8.11      That the Minister should strengthen the Supply Chain Management in detecting possible collusion in the construction industry, and to avert any other risks to the Department.

8.12      That all instances of variation orders should be monitored to ensure that all projects are completed on time and that the State receives value for money.

8.13      That the Department should fast-track the finalisation of the business case for the PMTE.

8.14      That the i-EWorks system should be implemented and an accrual based accounting system for PMTE should replace the current basic accounting system.

8.15      That the Minister should prioritise capacitating governance structures, e.g. Internal Audit Unit and Risk Management Unit, by end of the 2013/14 financial year.

8.16      That the Minister should address the lack of compliance with the Employment Equity Plan, e.g. the employment of people with disabilities in the Department and entities, by the end of the 2013/14 financial year.

8.17      That the Department should improve the Standard Operating Procedures (SOPs) to record actual achievements accurately and monitor the completeness of source documentation which supports actual achievements. These SOPs should constantly be reviewed.

**9. Appreciation**

The Committee appreciates the implementation of the Turnaround Strategy of the Department, which have yielded tangible changes. These changes include the Department moving from a Disclaimer to receiving a Qualified Audit Opinion; notwithstanding, that the PMTE received a Disclaimer for a third consecutive year.

The Committee appreciates the support of the Office of the Auditor-General which makes the oversight responsibility of the Committee much easier.

Report to be considered.

[[1]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref1" \o ")The New Partnership for Africa’s Development (NEPAD).

[[2]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref2" \o ")Department of Public Works (2013), p. 208. Earnest and Young was retained to assist in the updating and verification of immovable assets of the Department.

[[3]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref3" \o ")Department of Public Works (2013). The business advisory services rose to R78.1 million from R38.0 million; and legal costs increased to R13.8 million from 6.1 million in the 2011/12 financial year.

[[4]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref4" \o ")This is the Department’s comprehensive electronic system for managing its leases and contracts, amongst others.

[[5]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref5" \o ")Department of Public Works (2013b), slide 19.

[[6]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref6" \o ")*Ibid*., slide 19.

[[7]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref7" \o ")*Ibid*., slide 22.

[[8]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref8" \o ")Department of Public Works (2013), p. 173.

[[9]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref9" \o ")Department of Public Works (2013b), slide 44.

[[10]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref10" \o ")National Treasury (2013c), p. 34.

[[11]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref11" \o ")*Ibid*., p. 37.

[[12]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref12" \o ")*Ibid*., p. 34.

[[13]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref13" \o ")Department of Public Works (2013b), slide 54.

[[14]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref14" \o ")National Treasury (2013c), p. 38.

[[15]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref15" \o ")The programme will increase with R280 million in 2014/15 and R92.4 million in 2015/16.

[[16]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref16" \o ")Department of Public Works (2013), pp. 171-2.

[[17]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref17" \o ")*Ibid*., p. 172.

[[18]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref18" \o ")*Ibid*., p. 277.

[[19]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref19" \o ")*Ibid*., p. 176.

[[20]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref20" \o ")*Ibid*., p. 280.

[[21]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref21" \o ")*Ibid*., p. 282.

[[22]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref22" \o ")National Treasury (2013a), p. 36.

[[23]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref23" \o ")*Ibid*., p. 36.

[[24]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref24" \o ")National Treasury (2013b), p. 31.

[[25]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref25" \o ")*Ibid*., p. 32.

[[26]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref26" \o ")National Treasury (2013), p. 112.

[[27]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref27" \o ")*Ibid*., p. 114.

[[28]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref28" \o ")*Ibid*., p. 112.

[[29]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref29" \o ")*Ibid*., pp. 113-4.

[[30]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref30" \o ")*Ibid*., p. 114.

[[31]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref31" \o ")*Ibid*., p. 128.

[[32]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref32" \o ")Department of Public Works (2012), p. 5.

[[33]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref33" \o ")*Ibid*. The 3 sector outcomes referred to above are Outcomes 4, 8, and 12 respectively.

[[34]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref34" \o ")National Treasury (2012), p. 112.

[[35]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref35" \o ")Department of Public Works (2013), p. 104.

[[36]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref36" \o ")Department of Public Works (2013a), p. 23.

[[37]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref37" \o ")Department of Public Works (2013), p. 125.

[[38]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref38" \o ")*Ibid*., p. 104.

[[39]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref39" \o ")*Ibid.*, p. 67.

[[40]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref40" \o ")Stats SA (2013), p. iv. The unemployment rate in the 2nd Quarter of 2013 stood at 25.6% or 4.7 million people, an increase of 0.4% from the 1st Quarter.

[[41]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref41" \o ")National Planning Commission (2012), p. 110.

[[42]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref42" \o ")Department of Public Works (2013), p. 173.

[[43]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref43" \o ")*Ibid*., p. 175.

[[44]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref44" \o ")*Ibid*., p. 104.

[[45]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref45" \o ")*Ibid*., p. 11.

[[46]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131023pcpworksreport2.htm" \l "_ftnref46" \o ")Programme 4 responsible for the finalisation of legislation to constitute Agrèment South Africa as a juristic person; and the revision of the Expropriation Act, (No. 63 of 1975).