

**MINISTRY**

**PUBLIC WORKS**

**REPUBLIC OF SOUTH AFRICA**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 3907 [NW4762E]**

**INTERNAL QUESTION PAPER NO.: No. 48 of 2015**

**DATE OF PUBLICATION: 06 NOVEMBER 2015**

**DATE OF REPLY: 08 DECEMBER 2015**

**3907. Mr M G P Lekota (Cope) asked the Minister of Public Works:**

(1) Whether, during the period 1 March 2012 to 31 October 2015, his department (a) sidestepped or circumvented the provisions of the Public Finance Management Act, Act 1 of 1999, to make procurements, sign or extend leases or enter into any contract of any kind, (b) continued to undertake any purchases or improvements in respect of any prestige projects in spite of constrained national finances, (c) spent any money on the extension, maintenance or upkeep of the President’s private residence in Nkandla, (d) failed to fully update the Asset Register and (e) neglected or abandoned any state property anywhere in the country; if not, what is his position with regard to each of the specified issues; if so, in each case, (i) why, (ii) when and (iii) for what reason;

(2) whether he will make a statement on (a) how and (b) to what extent the Government’s neoliberal policies impact on the functioning of his department; if so, how does he intend to remedy the situation?

**NW4762E**

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**REPLY:**

**The Minister of Public Works**

(1)(a) The Department of Public Works (DPW) confirms that it did not sidestep or circumvent the provisions of the Public Finance Management Act, (Act No. 1 of 1999), (PFMA) when awarding tenders. However, there are situations where deviations are permitted in terms of the applicable legislation, regulations and policy prescripts. All tenders awarded were done in accordance with prescribed and legislated procurement methods and within the duly approved procurement systems of the DPW.

Numerous projects have been launched to ensure that procurement systems are intact and leasing processes are clear, transparent and well-articulated. This includes, amongst others, the introduction of a standardised lease agreement that ensures that all salient matters of the lease are captured clearly. The signing of leases has been centralised at the Head Office to the Head of the Property Management Trading Entity (PMTE) and other delegated officials at Deputy Director-General level. Due to the unique nature of the property and construction environments, the Supply Chain Management (SCM) processes for leasing and construction procurement are also in the process of being revised, where unique SCM processes for each of these fields will apply.

(1)(b) Yes, purchases were made and services were procured as part of the DPW’s obligation to render services to clients. However, in light of Government’s drive to reduce expenditure, the DPW focused on areas where spending could be reduced. On furniture, costs were reduced by 80% compared to the previous year: from R8 400 504.62 in 2014/15 to R1 679 383.33 as at end October 2015.

On renovation/upgrades costs were reduced by 30% compared to the previous year: from R176 017 074.00 in 2014/15 to R123 108 435.00 as at end of October 2015.

(1)(c) No money has been spent on the extension, maintenance or upkeep of the President’s private residence in Nkandla during the period 1 March 2012 to 31 October 2015.

(1)(d) The DPW embarked on an Immovable Asset Register (IAR) Enhancement Programme to provide certainty on the extent of immovable assets, and validate completeness and accuracy of immovable assets under its custodianship.As a continuous exercise to ensure that the Department’s IAR is complete and accurate, the Department’s IAR was reconciled against the Deeds records and other National and Provincial IAR’s for both the interim and annual financial statements during the past three financial years (2012/13, 2013/14 and 2014/15).

(1)(e) The Department’s programme to rebuild its Immovable Asset Register (IAR) that complies with the Generally Recognised Accounting Practice (GRAP) by 31 March 2016 is making good progress, as indicated below:

* The physical verification of specifically identified land parcels by DPW has been concluded. To date the Department has verified 36 852 of the identified land parcels in the 2013/14 financial year.
* The remaining 6900 land parcels are being verified and assessed during the 2015/16 financial year.
* The Department’s State Domestic Facilities not on State land have been identified and accounted for.
* Approximately 60% of DPW’s properties have had municipal values applied to them in the 2014/15 financial year with the remainder to be completed by 31 March 2016 in line with the GRAP phase-in process as permitted by the Accounting Standards Board (ASB) Directive 2. This has resulted in the disclosure of DPW’s properties at R78.1 billion for the year ending 31 March 2015, compared to the R10.3 billion in the 2013/14 financial year.
* There was no audit qualification pertaining to the Department’s IAR in 2013/14 and 2014/15 financial years.

The above key indicators highlight the significant advances made to enhance the Department’s IAR.

(2) (a) and (b) Government’s policies are not neo-liberal. In the current global and national context, necessary measures to ensure fiscal consolidation have been collectively agreed upon by Cabinet and I fully support these measures. Naturally, these measures have impacted upon the line budgets of all Government departments and, as indicated above, the DPW has accordingly implemented a range of cost-cutting interventions.

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