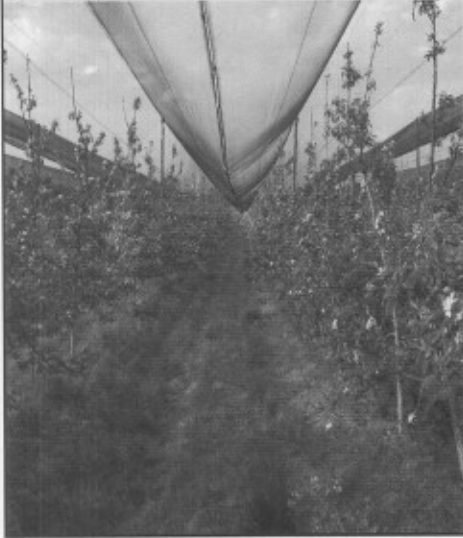


Thabo Mofutsanyane

Bethlehem Apple Project (Bethlehem)

Farm



Pack house



2007/08 LandCare Physical Progress – September 2007

| Current Project | Progress (%) | On Schedule | Expected Completion Date |
|-----------------------|--------------|-------------|--------------------------|
| Bethulie LandCare | 10 | Yes | 31/01/2008 |
| Aasvoëlberg JLC | 68 | Yes | 31/01/2008 |
| Phama Environmental | 64 | Yes | 31/12/2007 |
| Kgothule Conservation | 65 | Yes | 31/12/2007 |
| Setshego Conservation | 26 | Yes | 31/12/2007 |
| Mbele LandCare | 5 | Yes | 31/12/2007 |
| 114 Farms LandCare | 5 | Yes | 31/01/2008 |
| Kopano ke Matla | 5 | Yes | 31/12/2007 |
| Administration Fee | 18 | Yes | 31/01/2008 |
| Bophelo ke Matla | 95 | Yes | 30/11/2007 |
| Enviro Charcoal | 100 | Yes | Completed |

24

**Junior Landcare Project
(Aasvoëlberg Outdoor Centre – Zastron)**



**Phama Conservation Project
(Ladybrand)**



IEA Physical Progress

| Project Status | Number of Projects |
|------------------------------|----------------------|
| No Progress | |
| Tender Process | |
| 1 – 25% Progress | Glen Upgrade Project |
| 26 – 50% Progress | |
| 51 – 75% Progress | |
| 76 – 99% Progress | |
| 100% Completed | |
| Handed Over to Beneficiaries | |
| Total | 1 |

26

IEA Physical Progress - Narrative

- The tender for the Glen Upgrade Project closed on 14 September 2007. Tender adjudication took place on 21 September 2007.
The HOD: PWRT informed the FSDA that no bidder qualified and that the only bidder who had the necessary CIDB grading could not be appointed due to having been awarded two other projects to the value of R138m.
- The tender was re-advertised on 12 October 2007. Bids closed on 26 October 2007.
- The public was invited to attend the opening of the bids and therefore potential bidders have a good idea of the amounts previously tendered. As the tender was re-advertised without any changes to the tender document content, bidders will be able to score high on price, possibly compromising quality, skills and experience.

27

Phase 1 (Chemistry Building)



Phase 2

Verbeek Building



Engineering Building



Admin Building



Glen Upgrade Projected Cash Flow: Year-End 2007/08 Phase 1

| ITEMS | SEP 2007 | OCT 2007 | NOV 2007 | DEC 2007 | JAN 2008 | FEB 2008 | MAR 2008 | TOTAL COSTS |
|--------------------------------|-------------------|-------------|-------------|-------------|-----------------|-------------------|-------------------|-------------------|
| PROF FEES | R1,952,984 | R0 | R0 | R0 | R0 | R115,017 | R115,017 | R2,183,018 |
| CONSTR- UCTION COST | R0 | R0 | R0 | R0 | R805,608 | R1,127,851 | R1,288,972 | R3,222,431 |
| TOTAL DEV COSTS | R1,952,984 | R0 | R0 | R0 | R805,608 | R1,242,868 | R1,403,989 | R5,405,449 |

ASSUMPTIONS:

1. Contractors will be appointed by 14 December 2007 and commence work by 14 January 2008.
2. Professional fees for supervision of construction will be required.

SOURCE: Friik Jankowitz, Van Zyl Partners – Quantity Surveyors

**Glen Upgrade Projected Cash Flow:
Year-End 2007/08
Phase 2**

| ITEMS | SEP 2007 | OCT 2007 | NOV 2007 | DEC 2007 | JAN 2007 | FEB 2008 | MAR 2008 | TOTAL COSTS |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-------------------|-----------------|-------------------|
| PROF FEES | R0 | R0 | R0 | R0 | R0 | R2,492,167 | R423,359 | R2,915,526 |
| CON- STRUCTION COST | R0 | R0 | R0 | R0 | R0 | R0 | R0 | R0 |
| TOTAL DEV COSTS | R0 | R0 | R0 | R0 | R0 | R2,492,167 | R423,359 | R2,915,526 |

ASSUMPTIONS:

1. Late appointment of a contractor could result in under-spending.
2. Preparation of documentation for Phase 1, Part 1 will ameliorate the problem.
3. Documentation will be prepared for the following Buildings for Phase 2: Main Building, Verbeek Building, IPJ Hall and Lecture Rooms, Old Engineering Block, Old MEC Block, Farm Offices and 9 Houses

**Glen Upgrade Consolidated Projected
Cash Flow: Year-End 2007/08
Phases 1 and 2**

| ITEMS | SEP 2007 | OCT 2007 | NOV 2007 | DEC 2007 | JAN 2008 | FEB 2008 | MAR 2008 | TOTAL COSTS |
|--------------------------------|-------------------|-----------|-----------|-----------|-----------------|-------------------|-------------------|-------------------|
| PROF FEES | R1,952,984 | R0 | R0 | R0 | R0 | R2,607,184 | R538,376 | R5,098,544 |
| CON- STRUCTION COSTS | R0 | R0 | R0 | R0 | R805,608 | R1,127,851 | R1,288,972 | R3,222,431 |
| TOTAL DEV COSTS | R1,952,984 | R0 | R0 | R0 | R805,608 | R3,735,035 | R1,827,348 | R8,320,975 |

| | | |
|--|---|--------------------|
| COST FOR PHASES 1 + 2 OF GLEN UPGRADE IN 2007/08 | = | R 8,320,975 |
| COSTS FOR GLEN UPGRADE FROM 2006/07 | = | R 2,500,000 |
| TOTAL COST FOR GLEN UPGRADE IN 2007/08 | = | R10,820,975 |

IEA Physical Progress - Challenges

- Delays in awarding tender, resulting in a possible inability to spend the remaining portion of the R10m allocation.

In all probability we will only be able to spend R1.5m on construction, should a service provider be appointed in November 2007.

- In order to ensure spending, the preparation of documentation (Plans, BOQ etc.) for Phase 2 will commence in November 2007.
- Possible compromise of quality, skills and experience in terms of new tender.

33

Constraints – Grant Funding

- Procurement and tender procedures (Learning curve)
- Scarce Skills (Agric Engineers and Economists)
- Departmental working capital
- Group dynamics
- Financing of agricultural inputs and mechanisation

34

**2007/08 Annual Capital Expenditure
(excluding conditional grants) up to
September 2007 (R'000)**

| Programme | Full year Budget (R'000) | YTD Expenditure (R'000) | % Budget Spent (Benchmark 50%) | Variance (R'000) |
|--------------------|---|--|---|-----------------------------|
| <i>Programme 1</i> | 628 | 247 | 39.3 | 381 |
| <i>Programme 2</i> | 50 | 8 | 16 | 42 |
| <i>Programme 3</i> | 225 | 82 | 36.4 | 143 |
| <i>Programme 4</i> | 60 | 60 | 100 | 0 |
| <i>Programme 5</i> | 38 | 18 | 47.4 | 20 |
| <i>Programme 6</i> | 5 | 5 | 100 | 0 |
| <i>Programme 7</i> | 140 | 12 | 8.6 | 128 |
| <i>Total</i> | 1 146 | 432 | 37.7 | 714 |

35

Reasons for Under Expenditure

- Capital spending usually takes place late in the financial year
- Additional capital spending usually takes place towards the end of the financial year after operating capital requirements have been met

36

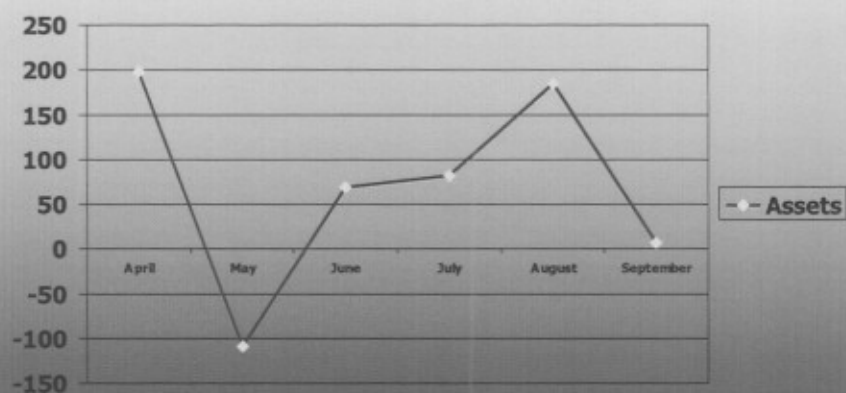
2007/08 Monthly Capital Expenditure up to September 2007 (R'000) (Excl. Grants)

| Prog | A | M | J | J | A | S | O | N | D | J | F | M | Total |
|------|-----|-------|----|----|-----|------|---|---|---|---|---|---|-------|
| 1 | 0 | 69 | 45 | 13 | 100 | 20 | | | | | | | 247 |
| 2 | 198 | (198) | 8 | 0 | 0 | 0 | | | | | | | 8 |
| 3 | 0 | 19 | 8 | 55 | 20 | (20) | | | | | | | 82 |
| 4 | 0 | 0 | 0 | 10 | 50 | 0 | | | | | | | 60 |
| 5 | 0 | 0 | 7 | 0 | 0 | 11 | | | | | | | 18 |
| 6 | 0 | 0 | 0 | 5 | 0 | 0 | | | | | | | 5 |
| 7 | 0 | 0 | 0 | 0 | 15 | (3) | | | | | | | 12 |

Reasons for Negative Expenditure

- Negative expenditure, indicated by bracketed figures, is the result of journals passed after the re-classification of the economic nature of the transactions in question

2007/08 Monthly Capital Expenditure up to September 2007 (R'000) (Excl. Grants)



39

Monitoring Capacity

- The Department has developed sufficient capacity to monitor its projects, both financially and physically
- An additional four staff members have been allocated to the Strategic Planning and Control Unit since January 2007
- Systems and processes have been put in place to improve the efficiency and quality of information flow in the Department

40

Monthly Reporting

- All DORA reports (financial and non-financial) were submitted to NDA on a monthly and quarterly basis
- IRM reports were submitted to the Free State Treasury on a monthly basis
- EPWP reports were submitted to Free State Department of Public Works on a monthly basis and to NDA on a quarterly basis

41

I Thank You!

42