



South Africa works because of Public Works

Annual Report

2008/2009



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

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Mr Geoff Doidge,
Minister of Public Works



Ms Hendrietta Bogopane- Zulu,
Deputy Minister of Public Works



Mr Nchaube Malebye,
Acting Director-General,
Department of Public Works

1.1 SUBMISSION OF THE ANNUAL REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY

The Honourable

Mr GQ Doidge

Minister of Public Works

Minister, I have the honour of presenting the Annual Report for the Department of Public Works for the financial year ended 31 March 2009



Mr NS Malebye

Acting Director-General

Department of Public Works

Date: 31 August 2009

1.2 MINISTER'S FOREWORD

The current global economic crunch has presented many economies with an opportunity to refocus their goals while refining their operations. Proactive organizations were already positioning themselves to assert their market dominance status in anticipation of better times lying ahead. In a developing economy such as ours, both the private and public sectors were being called upon to dispense prudent business management practices, hence our call in the Department to "raise the bar" for functional efficiency and optimal output. As a public entity entirely dependent on public revenue, government and its public servants need to lead a revolutionary trend in managing both the tangible and intangible assets of the state on behalf of the taxpaying community, and the maxim to *do more with less* has never been so imperative.

Through its mandate of managing the immovable assets of the state, the Department of Public Works has over the years been positioned to contribute significantly to improved service delivery. The ability of other government departments to fulfill their mandates of delivering quality goods and services on time, is to an extent determined by the speed with which Public Works can (and should) provide government with conducive physical public assets which will enable government to make an impact, hence our assertion that **South Africa Works Because of Public Works**.

The launch of the National Infrastructure Maintenance Strategy (NIMS) in early 2008 was another milestone in our race to ameliorate the standard of government's fixed property. The goal of creating a better life for all cannot be realized from the government buildings that are dilapidated and derelict serving to perpetuate negative perceptions which militate against the noble efforts of government to improve lives and create wealth. Restorative work undertaken at the Waterkloof Military precinct and many other sites nationwide served to remind us that infrastructure maintenance has come a full circle to be recognized as a fully fledged industry poised to contribute to economic growth, social development and human resources transformation.

Unless we increase the pace of delivery regarding the provision of goods and services, our communities stand to be held to ransom by poverty and underdevelopment. Therefore the completion of capital undertakings including the police stations at KwaCeza, Kagiso, Saldanha Bay and Augrabies became a yardstick with which to measure the speed of development for our people. We anticipate soon the finalization of other community-enriching projects at Kimberley (New Generation Prison & Magistrate Court), Polokwane (two police stations), Colesberg and Krugersdorp (Magistrate Courts), among others.

As the continent prepares to host a FIFA World Cup Soccer Tournament in 2010, Africa stands united in its intention to make this a successful tournament ever. Earthworks at the site to build the Pan African Parliament near Midrand in Gauteng symbolize the readiness of the African people to welcome the world in unity. The state of relations across the length and width of the continent became crystallized in the construction of Embassy houses at Swaziland, Lesotho, Ethiopia and Nigeria whereas the single minded focus between South Africa and Uganda aided the completion of the Oliver Tambo School of Military Leadership in Kaweweta, Uganda. A recent visit to the construction sites at the land ports of entry at Lebombo, Golela, Skilpadhek and Vioolsdrif made apparent the country's resolve to help lay concrete foundations for development, growth and prosperity in the SADC region.

The extent of progress made should however not lull the efforts of government into a false sense of achievement. More needs to be done. Government will therefore continue to engage systematically with the communities. Such liaison is important and the programmes of izimbizo, public appearances (& community liaison) and constituency work in the year under review once again highlighted the significance of direct contact with the public. From the youth working under the National Youth Service at Edenburg in Free State to the masses in the Ugu and Sisonke District Municipalities in KwaZulu-Natal and Peddie in the Eastern Cape, our interactions were fruitful and the inputs valuable. From these interfaces we were also able to deliver essential assets such as the completed schools at Dalisoka and Nolitha in Eastern Cape and the St.Faith Primary in KwaZulu-Natal, both erected as part of the apex priority projects to eradicate schools built with mud and other inadequate building material. Of importance, the needs and aspirations of the people were articulated, particularly their wish to see accelerated community development and job creation.

It was for this reason that government recommitted to the creation of more decent jobs. The runaway success of our Expanded Public Works Programme as indicated by the attainment of more than million job opportunities within a targeted period was indicative of our resolve to contribute to job creation and rural development programme as most of the opportunities went to the impoverished communities of the society. The launch of the cleaning and greening programme under the environmental sector of the EPWP in Limpopo signaled the growth of the EPWP and the deepening of its impact in the form of provision of work opportunities, improved service delivery and community development. To attest to the pivotal role of the EPWP, government will early in the new year be launching the second phase of the Programme with increased targets and incentives.

The CIDB Act and its adverse effect on small business, and particularly black owned businesses, are receiving serious attention to ensure that any undue constrictions are removed.

1.3 DIRECTOR GENERAL'S OVERVIEW

As part of rolling out the DPW strategic plan for the 2008/09 – 2010/11 MTEF period we have, for the period under review, recorded the following milestones in our key deliverables targeted for the 2008/09 financial year:

The goal of EPWP Phase 1 was to contribute towards alleviating unemployment by creating, at least, 1 million work opportunities in the first 5 years of the programme, of which at least 40% of beneficiaries would be women, 30% youth and 2% people with disabilities. As at the end of 2008/09 financial year (the final year of the first phase of the programme) the EPWP has created more than 1.6 million work opportunities, exceeding the target set in 2004. These work opportunities were created within the Infrastructure, Social, Environment & Culture as well as Economic sectors. Performance per sector against the set target is summarized below:

- The Infrastructure Sector: 134%
- The Environment and Culture Sector: 187%
- The Economic Sector: 169%
- The Social Sector: 116%

All these programmes in the above sectors are labour-intensive and provide enormous opportunities for the creation of work opportunities.

Having the Mid-Term Review of EPWP phase 1 endorsed by Cabinet, paved the way for the implementation of EPWP phase 2 with the intention of creating 4,5 million short and ongoing work opportunities (2 million full time equivalents – FTEs) over five (5) years for the poor and unemployed people of South Africa so as to contribute towards halving unemployment by 2014. EPWP has been selected as one of the key programmes of government to respond to the current global economic crisis. The latter is undertaken in collaboration with NEDLAC.

As part of the transformation of the Construction Industry, a number of projects that have been identified for the promotion of SMMEs through Vuk'uphile have given a platform to a selection of contractors in the different regions. The programme registered 76 projects for execution in Bloemfontein, Cape Town, Durban, Johannesburg, Mmabatho and Polokwane. A total of 126 contractors are currently registered on the Contractor Incubator Programme (CIP) register, of which 53 (42%) are women-owned contractors. The CIP target for women-owned companies for 2009/10 financial year is 50%. A total of R284.4m worth of projects was allocated to the CIP contractors in various grades.

Regarding the implementation of Asset Management projects, there is a dedicated unit established to focus on the Asset Register Enhancement Programme (AREP). This includes amongst others, collection, research and verification of property information as well as capturing of new and missing verified information in the department's asset register. Plans are in place in the next financial year to fast track the verification including vesting and conditions assessments on state owned properties. To make asset identification easy, an amnesty call centre will be established in the 2009/10 financial year.

The implementation of Government Immovable Asset Management Act (GIAMA) is underway. In its application, GIAMA will ultimately ensure uniformity in the management of government immovable assets across the three spheres of government. An implementation plan was developed to drive the process. The guidelines for Custodian Immovable Asset Management Plans (C-AMPs) and User Immovable Asset Management Plans (U-AMPs) have been developed. The discussions are currently underway with the Department of Provincial and Local Government on this matter to see how GIAMA principles can be extended to that sphere of government using existing legislation.

Continuous service delivery improvement is paramount and the development of service delivery standards with our client departments is indicative of that commitment. Aligned to these standards, Service Level Agreements (SLAs) were developed thereby creating an opportunity for intensive monitoring of performance with built-in intervention measures where necessary.

The consolidation of the African Agenda serves as a pillar upon which we seek to achieve our developmental goals. The Department of Public Works' mandate in the African continent is to contribute towards the creation of a meaningful and sustainable skills and infrastructure development partnership particularly in the built environment. The International Relations Unit represents the Department in various bilateral commissions and has facilitated meetings where the work of the Department through the Operations Branch (charged with the execution of many capital projects), has been showcased. In Uganda for example, Public Works together with the Departments of Defence and Foreign Affairs, exhumed six graves of the fallen Umkhonto We Sizwe soldiers from the capital Kampala for re-internment at the Heroes Corner in Kaweweta where they rejoined other fallen comrades. Kaweweta is also the site for the construction of the OR Tambo School of

Leadership by the Department, for the benefit of the Ugandan Peoples Defence Force. The completed school is due to be officially opened by President Jacob Zuma during October 2009.

As part of NEPAD and in anticipation of the FIFA Soccer World Cup Tournament in 2010 and beyond, the department, through BCOCC, is providing infrastructure at land ports of entry. The BCOCC portfolio therefore aims to integrate, coordinate, plan and programme manage all physical infrastructure at land, air and sea ports of entry. The overall performance of these projects has improved in comparison to the previous financial year. The set targets were exceeded; contracts are in place in all 54 land ports of entry where minor upgrades, repair, maintenance and facilities management related services are provided. The notable progress relates to the following projects: Skilpadshok, Golela, Vioolsdrift and the Lebombo One Stop Border Post.

In fulfillment of the apex priority projects obligations the Department rehabilitated approximately 24 buildings during the period under review. A further 29 projects have been set aside for the next financial year. Creating access for the disabled people forms part of these projects and the Gender Unit has been instrumental in assisting. The Unit has for the year under review, undertaken among others the following projects in benefit of women, youth and the disabled:

- Consolidated the Contractor Incubator Programme (CIP) in terms of gender and regions (i.e. provincial spread), for the purpose of conducting a survey of women, people with disabilities and youth participating in the CIP.
- Conducted a Disability Audit for the department.
- A partnership with BlindSA has been formed with the Disability Unit to improve the procurement process for the department and for people with visual impairment. Blind SA has already registered on the procurement database.

To comply with GIAMA, a valuation model has been developed based on depreciated replacement costs to value the DPW immovable property portfolio. A total of 309 requests for market valuations were managed, while 79 were completed and another 72 approved by the Land Affairs Board (LAB)

Cabinet approval of the National Infrastructure Maintenance Strategy (NIMS) in July 2006, led to the launch of the strategy in May 2008. The Construction Industry Development Board (CIDB), as a collaborative partner, will play a significant role in the implementation of NIMS. The maintenance sector forms an integral part of South Africa's total construction delivery capacity. The growth rate of the maintenance industry with its inherent labor intensity will stimulate job creation, skills development and broad-based black economic empowerment. The implementation of NIMS will take effect in the 2009/10 financial year

Under the Re Kgabisa Tshwane banner, the upgrade of the Civitas Building neared completion, as a new Head Office, with additional accommodation for allocation to the Department of Health. The old Government Garage facility was converted into the High Tech Printing Facility for Government Printers in Pretoria. The refurbishment of Waterkloof Air Force Base Runway is progressing well with the handover of phase 1 anticipated in October 2009

During the period under review the department intensified its strategic leadership role of promoting sustainable growth, transformation and development of the Property and Construction sectors. This saw the development of appropriate empowerment policies and strategies for implementation within the department and roll-out to other spheres of government. Following the gazetting of the Construction and Property Charters in 2007 the department continued to work with the charter structures towards the adoption of Codes of Good Practice for both industries. To this end, the Construction Transformation Charter Group (CTCG) and the Property Sector Charter Council (PSCC) were established. In respect of the construction industry, CTCG, supported by the Minister applied to the Department of Trade & Industry for the finalization of a Construction Sector Code in terms of Section 9 of the BBBEE Act. The PSCC will finalize a similar application in respect of the Property Sector Code in the 2009/10 financial year.

During this period a significant contribution was made towards the national skills development and national human resource development strategies. In support, an intensive capacity building programme was implemented throughout all departmental programmes, mainly focusing on learnerships, internships, artisan training and developing young professionals with the objective of addressing skills shortages within the built environment profession.

About 107 Cuban Technical Advisors (CTAs) were recruited in the disciplines of Engineering, Architecture, and Geology as part of the Cuban Technical Advisory Programme (CTAP). They have been deployed to IDT, Provinces and National Public Works in order to transfer skills to Trainees, Programme Managers, Project Managers, Artisans, Technicians, Technologists and Works Managers. A skills transfer programme was developed to place young professionals under the mentorship of the Cuban Technical Advisors (CTA) to gain skills in the various professions under the tutelage of private companies doing business with the department.

CTAs have been properly placed to provide advice to the provincial departments on major projects to be executed. Their hands on approach in project implementation is critical in ensuring that service delivery priorities of government are met.

The establishment of the National Coordinating Committee serves as a monitoring and evaluation mechanism for the implementation of the Cuban programme. Further recruitment of the Cubans is envisaged to take place later in the next financial year with a view to help increase capacity within the department as well as creating a pool of employable young professionals contributing to job creation.

1.4. MINISTRY INFORMATION

Institutions reporting to the Executive Authority:

- Construction Industry Development Board (CIDB)
- Council for Built Environment (CBE)
- Independent Development Trust (IDT)
- Agrément South Africa

Bills submitted to the legislature during the financial year:

- Bill 16- 2008 -Expropriation Bill- Introduced 16 April 2008 (subsequently withdrawn)
- Bill 53B- 2008-Built Environment Professions Bill- Introduced 27 August 2008 (subsequently withdrawn)

Minister Thoko Didiza's visits abroad

Place	Date	Purpose
France	21-24 April 2008	Graduation Ceremony of JIPSA initiative
Mozambique	10-11 April 2008	State Economic Bilateral Forum
Lesotho	11-13 April 2008	High Commission project
Italy	04-08 July 2008	SAIA Bid presentation
Brazil	21-23 July 2008	IBSA'S Women's Forum
Congo	03-08 August 2008	Ministerial review meeting
Congo	18-22 August 2008	Implementation of 1 st phase of the memorandum of understanding

Deputy Minister Ntopile Kganyago's visits abroad

New Zealand	07-20 April 2008	International Executive Short course on Good Governance
Uganda	13-15 October 2008	Interdepartmental Task Team
Uganda	19-24 February 2009	Exhumation and reburial

1.5 VISION, MISSION AND LEGISLATIVE MANDATE

1.5.1 Vision

The Department of Public Works is committed to facilitating delivery by other Government departments and in so doing the DPW provides accommodation and property management services and meeting the objectives of poverty alleviation and transformation. In 2003 the Department formulated the following new vision, mission and value statement to demonstrate the department's and its employees' serious commitment to government's vision of a better life for all the country's citizens: "To be world-class Public Works Department".

1.5.2 Mission

The Department of Public Works (DPW) aims to promote the government's objectives of economic development, good governance and rising living standards and prosperity by providing and managing the accommodation, housing, land and infrastructure needs of National departments, by promoting the National Expanded Public Works Programme and by encouraging the transformation of the construction and property industries. In pursuance of this objective the Department will endeavour to:-

- Efficiently manage the asset life cycle of immovable assets under the Department's custodianship
- Provide expert advice to all three spheres of Government and Parastatals on immovable assets
- Contribute to the national goals of job creation and poverty alleviation through the coordination of public works programmes nationally, of which the
- Expanded Public Works Programme (EPWP) forms and integral part; and
- Provides strategic leadership to the Construction and Property Industries

1.5.3 Values

- **Open Communication** – All of the DPW family communicates regularly, frankly and openly with each other at all times
- **Urgency** – All members of the DPW family shall attend to the aspects of their work with diligence and urgency
- **Commitment** – All members of the DPW family shall demonstrate commitment to their work and to serve clients to the best of their ability, as well as show a higher level of commitment to getting things done quickly, correctly, on time and within budget.
- **Integrity** - All to demonstrate a high level of integrity and reject and expose corruption in all its manifestations
- **Decisiveness** – All must demonstrate decisiveness in the manner in which they perform their duties, accompanied by a show of intolerance of slow action, inaction and most of all, incompetency and inefficiency
- **Client focus** – All shall be client focused in everything they do. Ways must be found to communicate and consult with clients on regular basis in order to build trust and a stronger partnership
- **Team work** – All are part of a single department and all must start working towards the same goal of improving service delivery to our clients

1.5.4 Key Strategic Goals

- Asset Management
- Transformation of the construction and property industries and their reflections in the respective markets
- Poverty alleviation through public works programmes for job creation and skills development
- Strong value chain underpinned by effective relationships with our public entities
- Relationship with Parliament and its oversight bodies
- Build the Human Resources capacity in the Built environment sector, property and facilities management in order to execute our tasks efficiently

1.5.5 Legislative mandate

In terms of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), the President had allocated a functional mandate to the Department of Public Works. The Department provides land and accommodation to national government departments and institutions, manage such land and accommodation, is the custodian of national government immovable assets, provides strategic leadership to the Construction and Property industries and coordinates the implementation of the Expanded Public Works Programme.

The mandate of the Department is also confirmed through the annual Appropriation Act. The State Land Disposal Act (Act No 48 of 1961) furthermore mandates the Minister of Public Works to carry out functions related to land and accommodation.

2. PROGRAMME PERFORMANCE

2.1 VOTED FUNDS

Appropriation	Main appropriation	Adjusted appropriation (R'000)	Actual amount spent (R'000)	Over/under expenditure R'000)
Appropriation	4 141 402	4 301 992	4 196 987	105 005
Responsible Minister	Minister of Public Works			
Administering Department	Department of Public Works			
Accounting Officer	Director-General: Department of Public Works			

2.2 AIM OF THE VOTE

The Department of Public Works (DPW) aims to promote the government's objectives of economic development, good governance and rising living standards and prosperity by providing and managing the accommodation, housing, land and infrastructure needs of national departments, promoting the national Expanded Public Works Programme and encouraging the transformation of the construction and property industries.

2.3 SUMMARY OF PROGRAMMES AND KEY OBJECTIVES

The activities of the department are outlined in accordance with the following four programmes:-

Programme 1: Administration

The programme provides for strategic leadership, support services and overall management of the department. This entails giving political, managerial and administrative leadership and support to the work of the department.

The Administration programme consists of five sub-programmes namely:-

- Minister
- Deputy Minister
- Management
- Corporate Services
- Property Management

The sub-programme **Management** makes provision for all top management support functions within the department.

The sub-programme **Corporate Services** provides various support services to ensure the smooth running of the department in creating a productive, efficient and creative working environment to enable the department to achieve its overall strategic objectives.

The sub-programme **Property Management** caters for the allocation of property management funds in line with the devolution of budgets.

Programme 2: Provision of Land and Accommodation

The main objective of this programme is to provide and manage state-owned immovable property, and accommodate all national departments and institutions in improved, suitable and economical properties. The programme provides for the following three core branches:-

- Asset Management
- Operations
- Re-Kgabisa Tshwane Programme (RKTP)

The programme is constituted of the following sub-programmes:-

- Infrastructure (Public Works) funds the acquisition and construction of infrastructure for other national departments.
- Property management funds the accommodation solutions that the department implements for client departments, which is accounted for through in-house Trading Entity user charge principle.
- Asset management ensures that immovable property portfolio (owned and used to deliver various government services) yields functional, economical and social benefits to the state.
- Augmentation of Property Management Trading Entity as a sub-programme was created to administer funds to be transferred to the new trading account.

Programme 3: National Public Works Programme

The programme provides leadership and coordination in the implementation of the Expanded Public Works. It provides leadership and regulates the transformation of the construction and property sectors. The construction and property charters have already been developed and are being implemented. The programme consists of the following sub-programmes:-

- Construction Industry Development Programme
- Property Industry Development Programme
- Expanded Public Works Programme

Programme 4: Auxiliary and Associated Services

The programme makes provision for various services including compensation for losses incurred in the government assisted housing scheme when public servants fail to fulfill their obligations, assistance to organizations for the preservation of national memorials, grants in aid, meeting the department's protocol responsibilities regarding the procurement of logistical facilities for state functions as well as obligations in terms of skills development regarding the Sector Education and Training Authority. The programme is comprised of the following sub-programmes:-

- Preservation of National Memorials
- State functions
- Compensation for losses
- Parliamentary Villages Board (Grant-in-aid)
- Sector Education and Training Authority

2.4 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS IN 2008/09

The Department of Public Works' custodial role over immovable assets ensures that the management, utilization and disposal of immovable assets gives priority to the accommodation requirements of government departments and community needs for social infrastructure. In addressing strategic policy priorities, the departmental policy priorities are aligned to the Medium Term Strategic Framework and the Government Programme of Action.

2.4.1 Key Policy Developments

The following policies were developed and/or reviewed:-

- Government-wide Immovable Asset Management (GIAMA)
- The White Paper on Public Works – Towards the 21st Century and the White Paper on Construction
- Disposal policy
- Revision of the Expropriation Act, 1975
- Review of HIV/AIDS Strategy
- Use of Client Resources in Capital and Maintenance Projects on State Immovable Assets
- Land Reform on State land under DPW's control
- Rental Debtors Policy

- SCM Policy
- Monitoring and Evaluation Policy

PROGRAMME PERFORMANCE

As per the programme performance outlined below, the department has delivered on most of its key outputs; the delivered outputs are articulated in the department's strategic plan and Vote 5 of the Estimate of National Expenditure (ENE) for the 2008/09 financial year. In ensuring improved service delivery, the department has implemented a number of projects as per the November 2007 Departmental Lekgotla resolution. Some of these projects include the establishment of the Monitoring and Evaluation unit in June 2008.

PROGRAMME 1: CORPORATE SERVICES

2.4.1 Corporate Services

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT

PURPOSE

- To ensure effective and efficient human capital management in the department
- To retain the scarce skills professionals within the department.

ACHIEVEMENTS

- During the period under review the unit has significantly contributed towards the national skills development and national human resource development strategies. An intensive capacity building programme has been implemented throughout all departmental programmes, mainly focusing on learnerships, internships, artisan training and developing young professionals with the objective of addressing skills shortages within the built environment profession. Four (4) Young Professionals obtained professional registration, whilst four (4) Learnership programmes were completed. The Cuban Technical Advisory Programme (CTAP) implemented saw approximately 107 Cuban Technical Advisors (CTAs) recruited in the disciplines of Engineering, Architecture, and Geology, of the total number of Cubans recruited, 95 were deployed to IDT, Provinces and National Public Works; with the intention of transferring the necessary skills to Trainees, Programme Managers, Project Managers, Artisans, Technicians, Technologists and Works Managers, ensuring that service delivery priorities of government are met. The remaining 11 was recalled by the Cuban Government, while one (1) terminated the contract due to ill-health.
- The high staff turnover within the department led to the development of the retention strategy. The document is been concluded, once endorsed the implementation thereof will be rolled out in the next financial year.
- The Chief Directorate embarked on an extensive advertising and recruitment campaign, ensuring that all funded vacancies are filled within the financial year. Approximately 764 vacant positions were advertised, 841 appointments were made (influenced by posts advertised in the 2007/08 financial year, but filled within 2008/09).
- In line with the Cabinet decision on the implementation of Project Khaedu, approximately 14 SMS members participated in the training programme, including deployment at the coalface of service delivery.
- The department has developed and submitted the Employment Equity Status report, a copy has been submitted to the Department of Labor (DoL). An action plan that addresses the identified gaps in the implementation of employment equity targets has been developed.

CHALLENGES

- The current high staff turnover remains a challenge making the recruitment and retention of qualified professionals difficult to manage.
- Inadequate funding for implementation of key projects e.g. wellness programmes, hamper service delivery.

SUB-PROGRAMME: GENDER

PURPOSE

- Transformation and regulation of the Construction & Property Industries to ensure economic growth and development

- Efficient & Effective asset management
- Job creation through EPWP

ACHIEVEMENTS

(a) Gender Mainstreaming

- The transformation of the property and construction industries through gender mainstreaming was key during the period under review. In promoting gender mainstreaming the following empowerment programmes were implemented:- training on employment equity best practice model presented to NEECC and REECC, in addition training on sexual harassment in the workplace was implemented for all designated groups.
- In recognition of women's month and the role played by awards were presented to women in construction.
- As one of the department's priority area the compliance of government buildings on accessibility by People with Disabilities, health and safety requirements, the department is making strides to ensure compliance, taking into consideration the number of buildings complying with this requirement at both Head Office and Regional level. This programme involves constructing access ramps, converting existing lifts and installing signage, accessible toilet facilities, door handles, parking bays etc. The unit will continue to monitor this activity going forward.

(b) Gender Monitoring & Evaluation

- Consolidated the Contractor Incubator Programme in terms of gender, giving preference to black women and youth for the purpose of conducting a survey on women, people with disabilities and youth participating in the CIP.
- A disability Audit was also conducted.

(c) People with Disabilities, Youth and Elderly

- A partnership with Blind SA has been formed with the Disability Unit to improve the procurement process for the department and for people with visual impairment. Blind SA has already registered on the procurement database. Sixty one (61) employees have disclosed their disability status.
- Three employees with disabilities are reasonably accommodated by being provided with assistive devices to remove the barriers that will enable them to perform their duties efficiently and effectively.

CHALLENGES

- Lack of departmental policies yet on gender, youth and people with disabilities
- Budget constraints
- Capturing of people with disabilities on personnel salaries (persal)
- Non-active of workplace forum for people with disabilities
- Retention strategy for people with disabilities

SUB-PROGRAMME: INTERGOVERNMENTAL RELATIONS (IGR)

PURPOSE

- To render administrative and procedural support to the Department on matters related to Intergovernmental Relations and Parliamentary services.

OBJECTIVES

- Sound relations with spheres of government through relevant intergovernmental structures.
- Efficient and effective support to the Ministry and the Department on Parliamentary Services.
- To manage the relations between the Department and sector entities (Independent Development Trust (IDT), Construction Industry Development Board (CIDB), Construction Build, Council for the Built Industry (CBE), Agrément SA.
- Functional committee system of the department.
- Effective and efficient leadership of government Delegation at NEDLAC Development Chamber.

ACHIEVEMENTS

The unit was constituted mid-year during the period under review and became fully operational during the last quarter of the financial year. The following achievements are highlighted:

(a) *Better aligned interactions with sector entities:*

- IGR is the focal point for reporting by sector entities. All four sector entities submitted the following documents - four quarterly reports, 2008/2009 annual reports, 2009/2010 business plans.
- The unit managed the process of filling all vacancies of various Boards for sector entities and professional councils during the period under review.

(b) *Improved support to the Department on parliamentary matters:*

- All IGR related queries from Ministry and the department were processed timeously.
- All Parliamentary questions posed to the department were tabled in Parliament accordingly and there were no outstanding questions.

(c) *Improved Committee management system*

Notable progress on the coordination of committee meetings and archiving of all related minutes and supporting documentation is highlighted:

- DPWNIF – 3 meetings were held
- HOD Forum – 2 meetings were held
- MINTOP – 6 meetings were held
- EXCO – 9 meetings were held
- TMC – 2 meetings were held

(d) *Streamlined coordination of NEDLAC*

- The Development Chamber of Nedlac manages a range of social issues across all government departments. Prior to the existence of this unit, a number of concerns were highlighted on the lack of responsiveness by Government departments on honouring their commitments to Nedlac as well as their reticence at attending Nedlac meetings and task teams.
- Significant changes were noted in less than six months of existence of this unit as coordination of Nedlac activities (government participation at the Development Chamber) were executed by IGR. Attendance of meetings has improved significantly and more commitment is being shown by government departments. The Development Chamber is making efforts in improving its work output and government participation being key to this.
- The concerns around poor or non-attendance by delegates, which led to the Chamber being ineffective in the past, are being dealt with. Quarterly reports indicating the level of participation is made available to constituencies, the constituencies will in turn be expected to account for poor or non-attendance.
- Approximately six government departments actively participated in the Chamber in an effort to fight the scourge of xenophobia.
- Significant progress was highlighted on rendering effective support to Ministry and the Department on Inter-Governmental Relations, Parliamentary and constituency matters. In addition, a notable effort in creating effective liaison with other spheres of Government through request by Ministry, DG and other Business Units is reflected.

CHALLENGES

- Limitation in terms of funding which hinders the delivery of services.
- Need for improved support on Cabinet matters.
- Mainstreaming of IGR within the department.

SUB-PROGRAMME: INFORMATION SERVICES

PURPOSE

- To implement knowledge management strategy
- To provide an effective asset management system
- To ensure DPWs relationship with sector entities and other stakeholders

ACHIEVEMENTS

- During the period under review the Chief Directorate has significantly improved the integration of national and provincial fixed asset management into iE Works.
- As per the SLA signed with SITA, the department remains reliant on this entity on the availability of the Wide Area Network (WAN). A Virtual Private Network (VPN) project entails the establishment of a unique networking environment that would isolate the Department from other users within the Government. This will enable the department to refine its network, focusing on unique business needs and ensuring that the demand of the network traffic is sufficiently handled. The amended VPN proposal has been received from SITA, the project will be undertaken in the 2009/10 financial year.
- The implementation and roll out of eProcore has started to bear fruits, training on the Proquote module has been completed at approximately nine (9) regions, excluding Mmabatho and Port Elizabeth, due to network problems. The implementation of the tender module has been suspended pending the interface to the CIDB Contractor Register. The project will be implemented in the next financial year.
- The business case for the CIDB interface completed and agreed to. The interfacing of CIDB Contractor Register with eProcore is underway and will be completed in the next financial year. The tender module will be rolled out once the CIDB interfacing is concluded.
- The implementation of the electronic document management system is progressing, though at a slow rate due to network problems, 4270 documents were captured on the system. The EDMS will further be rolled out at Head Office and outstanding regions in the 2009/10 financial year.
- The department continued to prioritize the creation of EPWP work opportunities, this saw an implementation of an automated EPWP monitoring system for consolidation of M&E reports. Adjustments to the system will be done to accommodate the 2nd phase of the programme.
- In improving Customer Relations Management (CRM), an operational call center is currently being established, the necessary processes has been kick started, which will see the center being fully operational in the next financial year.

An Enterprise Management Solution comprising of IT Assets and Software Management (Patch Management, Network Monitoring, ITIL and Workflow) integrated to the call center management solution will be procured in the next financial year. To date, only the IT Asset Management and Network Monitoring tool could be procured due to financial constraints. The unit is currently reliant on the SITA call center.

CHALLENGES

- Inadequate funding for execution of key projects
- Lack of human resources.

SUB-PROGRAMME: LEGAL SERVICES

PURPOSE

- To provide efficient, effective and economical legal support services to the department.

ACHIEVEMENTS

The following achievements were highlighted during the period under review:-

- Approximately 1083 legal opinions were provided.
- The 268 new litigation matters were instituted against the department, of which 168 were settled out of Court and 188 matters are pending.

- Two Bills were introduced into Parliament, namely the Expropriation Bill and the Built Environment Professions Bill.
- The Expropriation Bill was subsequently withdrawn from Parliament in September 2008 to allow for further consultation. The Department will engage on a structured programme of engagement with all stakeholders prior to being reintroduced to Parliament.
- The Built Environment Professions Bill was adopted by National Assembly but later withdrawn from Parliament to allow for further consultation.
- Effective and efficient administration of Contracts to ensure that the Department's rights and interests are protected. The unit has perused and drafted 186 Contracts commented on 420 Contracts, signed 1049 contracts and managed to release 80 and called up 9 guarantees.
- The unit is currently drafting the following documents aimed at guiding the Department on how to deal consistently with matters within the Legal Services:
 - Litigation Guidelines;
 - Contract Administration Manual;
 - Legislative Drafting Manual; and
 - Legal Services Functions Document.

CHALLENGES

The following challenges are highlighted:-

Item No.	Challenge	Impact on Entity
1	Storage space for the safekeeping of contract files	Risk on safekeeping of files. Files not easily accessible for auditing.
2	Missing contract and tender files	Limitation of scope in respect of audit queries Original files not available for enforcing or defending cases in court
3	Lack of office hardware, such as printers , copiers	Impedes service delivery
4	Lack of timeous instructions from other units	Impedes service delivery – can have an adverse effect on the quality of the service rendered
5	Lack of legal resource material	Impedes timeous service delivery – can have an adverse effect on the quality of service rendered. Over reliance on State Attorney and Counsels
6	Over reliance on the state attorney	Impedes service delivery and personal and development of staff
7	Legal services not consulted timeously on potentially litigious matters	Causes unnecessary litigation, which could have been obviated by consulting legal services timeously.
8	Inadequate Legislative Drafting Capacity	Increased reliance on consultants and slow service delivery
9	Inadequate Budget	Impacts negatively on the effective execution of the mandate of the unit

SUB-PROGRAMME: INTERNATIONAL RELATIONS

PURPOSE

- To coordinate DPW international relations initiatives
- To develop internal relation framework in line with Government's foreign policy

ACHIEVEMENTS

- During the period under review the unit effectively managed and coordinated international relations through optimization of bilateral and multilateral cooperation entered into with international partners. A skills transfer programme was developed to place young professionals under the mentorship of the Cuban Technical Advisors (CTA) to gain skills in the various professions under the tutelage of private companies doing business with the department. CTAs have been properly placed to provide advice to the provincial departments on major projects to be executed. The establishment of the National Coordinating Committee serves as a monitoring and evaluation mechanism for the implementation of the Cuban programme. Further recruitment of the Cubans is envisaged to take place later in the year. The net effect of having CTAs is aimed at increasing capacity within the department and to create a pool of employable young professionals with the view of contributing to job creation.
- In further addressing the skills shortages in the country, relations are established with countries in South Asia and South America on infrastructure and skills development capacity building, including countries in the Northern hemisphere. The department has, in collaboration with Department of Foreign Affairs (DFA), signed MOUs with relevant countries, one example is the facilitation role that the department played in providing assistance to DFA in the design and construction of the Pavilion for the 2010 Shanghai Expo.
- The consolidation of the African Agenda is but one critical function played by the department where foreign and other special projects have been undertaken e.g. the technical assistance role played by the department in DRC in ensuring execution of the following projects – renovations of the ENA Building and the Refurbishment of the Ministry of Interior, Decentralisation and Security. These foreign projects also included the facilitation of the construction of the OR Tambo School of Learnership in Uganda which was completed in November 2008.
- Inherent to this project were the renovation of the military camp; the building of the additional classrooms adjacent to the military camp which will be used by local pupils as well as the relocation of the remains of the eight graves from Kampala to Kaweweta, the process of exhumation and reburial was successfully executed in February 2009. The School is expected to be opened by President Jacob Zuma in October 2009.
- The unit further facilitated the construction of diplomatic villages and embassies in African countries – e.g. Lesotho, Nigeria, Malawi, Tanzania and the construction of official residence for the SA High Commission in Botswana, construction of recreation and residential units in Swaziland and the construction of chancery official residence in Rwanda.
- In facilitating the implementation of NEPAD initiatives, the unit played a significant role in the Border Control Coordinating Committee (BCOCC) activities in the construction of Land Ports of Entry such as the Lebombo-Ressano Garcia One Stop Border Post, between South Africa and Mozambique and the Skilpadshek Land Port of Entry, which is between South Africa and Botswana.

CHALLENGES

- Inadequate funding for project execution, this hampers the delivery of services.

SUB-PROGRAMME: SECURITY MANAGEMENT

PURPOSE

- To implement MISS and other security prescripts of NIA and SAPS within the department.

ACHIEVEMENTS

(a) Physical Security

- During the period under review there is notable progress on the implementation of the Minimum Information Security Standards (MISS) thereby providing physical security in the department (Head Office and Regional Offices Ndiyane Building and 11 Regional Offices), access control within each building is effectively managed. This led to a significant reduction of theft cases within the department.

- The provision of security to Prestige clients has been effectively managed. The Prestige unit has been advised to plan ahead for new houses of new Minister in the 2009 Cabinet (New Guard hut, security for ministerial residences.
- The management of access control within DPW buildings remains a challenge, this is mainly influenced by limited funding to put into place effective security systems.
- Most of the buildings which are occupied are rented-out to the department and it makes the implementation of security measures difficult

(b) Security Screening

- The MISS document makes provision for security screening; approximately 787 companies rendering services to the department were cleared prior to services being rendered, this comprised of maintenance, cleaning and gardening, security companies, engineers, architects, consultants and construction companies
- In terms of vetting of individuals: 95% of the 533 individuals in accordance with the Vetting Priority List have submitted their vetting forms. Pre-employment Screening has also been implemented, at National level, 744 potential candidates out of 166 requests was received and processed.

CHALLENGES

- Limited financial resources to enable the implementation of security related projects.
- The mismanagement of information

SUB-PROGRAMME: FINANCE & SUPPLY CHAIN MANAGEMENT (SCM)

PURPOSE

- To promote operational effectiveness through sound financial policies and procedures, integrated financial planning, budgeting and expenditure management.

ACHIEVEMENTS

- During the period under review the branch focused on clearing the audit queries raised in the previous financial year. All regional and head office staff were work shopped on the compliance issues. A risk management symposium which involved the post mortem of the audit was conducted. All regional offices presented their detailed action plans with clear target dates for resolving of the issues.
- The challenges of monitoring the action plans throughout the year became very evident during the interim audit, and to this end plans to create capacity for providing ongoing inspectorate and follow up on the action plans is well in progress.
- A concerted effort was put in place with regards to expenditure and budget management. A budget committee was also established for improved resource allocation. The budget cycle processes were implemented on time and according to National Treasury timeframes. The cost cutting measures put in place enabled compensation baseline.
- Notable progress was made with regards to the updating of the supplier database and training of the regions on the Proquote system.
- In the quest for improved internal controls the branch developed policies and procedures that would enable improved processes.
- The cell phone policy, and irregular expenditure reporting frameworks were developed and rolled out to all regions. A circular on related parties was also developed and implemented as a compensating control, while the policy is still under development.
- The provisioning and logistics section played an integral role in facilitating the induction process for the Cubans and ensuring that budget allocation input in relation to the Cuban Professionals was implemented.
- Although quite a significant amount of revenue receivable from prior years is still outstanding, the collection on current revenue has shown commendable improvement. The billing system was also improved to include itemized billing.
- The head of the PMTE was appointed during the year under review and this enabled improved focus and control on the activities of the Trading Entity.

CHALLENGES

- The budget allocated has consistently been far less than the projected required funding. The domino-effect over the years affects the quality of service delivered and the completion of critical projects. This has a multiplying effect on the original proposed budget.
- Alignment of systems internally i.e. within the department is crucial, in facilitating up-to-date and on-time consolidated reports. The need to upgrade the infrastructure especially in regional offices, affected the roll out of the eProcure System.
- High staff turnover.
- Budgetary constraints.
- Limited number of BEE property owner, slow progress in the implementation of policy interventions as well as the economic environment in the country has had a negative impact on BEE stakeholders of the department. An upward trend in numbers as well as the amounts of BEE spend was observed since 2006-07. A drop in the number of projects awarded and the amount spent on HDIs has been observed in the current year. This is effectively a 14% year-on-year percentage drop in procurement spending.

BEE Trend	2008 - 09	2007 - 08	Year-on-Year
Procurement spent on HDI	R 87,816,990.98	R 2,947,542,056.49	R 2,859,725,065.51
% of Total Spend	57.69%	72.00%	14.31%

PROGRAMME 2: PROVISION OF LAND AND ACCOMMODATION

2.4.2 Sub-Programme: Asset Management

PURPOSE

- To provide efficient and effective strategic asset management
- To improve service delivery
- To contribute to the national goals of poverty alleviation and job creation
- To ensure the implementation of GIAMA

ACHIEVEMENTS

(a) Enhancement of the Asset Register

- The Asset Management branch is primarily responsible for the provision and management of state-owned immovable property, and accommodates national departments and institutions in functional and suitable accommodation to enable the achievement of service delivery objectives.
- An extensive progress was noted on the implementation of the Asset Register Enhancement Programme (AREP), this included amongst others, collection, research and verification of property information as well as capturing of new and missing verified information in the department's asset register.
- Plans are in place in the next financial year to fast track the verification including conditions assessments on state owned properties.
- In managing asset identification initiatives the process around the establishment of an amnesty call centre has kick started, however the call centre is yet to be established in the 2009/10 financial year. The project delays were caused by lack of funds.

(b) Implementation of GIAMA

- The implementation of Government-wide Immovable Asset Management Act (GIAMA) is underway; an implementation plan was developed to drive the operationalization of GIAMA. In ensuring uniformity on the management of government immovable assets, the implementation of GIAMA will be cascaded to the two spheres of government, namely - Provincial and Local Government. The discussions are currently underway with the Department of Provincial and Local Government on this matter.

- In line with the GIAMA requirements, the Custodian Asset Management Plans (CAMP) has been developed, while the process of assisting client departments in developing User Asset Management Plans (UAMPs) is underway. Focus will be on departments that were not part of the pilot project. The Property Performance Standards has also been developed and captured on the iE Works system.

(c) Customer Service Delivery Improvement

- In creating enabling environment for the delivery of services, the department has developed service delivery standards, these have been made available to client departments. Aligned to these standards, Service Level Agreements (SLAs) are been finalized with client departments; these will create an opportunity for intensive monitoring of performance and propose intervention measures where necessary.

(d) Border Control Coordinating Committee (BCOCC)

- The department as an infrastructure development for the state, through BCOCC is providing infrastructure at land ports of entry. The BCOCC portfolio therefore aims to integrate, coordinate; plan and programme manage all physical infrastructure at land, air and sea ports of entry.

The overall performance of these projects has improved in comparison to the previous financial year. The set targets were exceeded; contracts are in place in all 54 land ports of entry where minor upgrades, repair, maintenance and facilities management related services are provided. Notable progress relates to the following projects Skilpadshak, Golela, Violdsdrift and Lebombo Garcia One Stop Border Post.

(e) Energy Efficiency

- The Energy Code of Conduct has been developed serving as a commitment between the department and key users in order to support the objectives of the National Energy Efficiency Strategy in relation to buildings and facilities used by the department and those of client departments. This saw the implementation of shared energy contracts at four regional offices (comprising 22 sites with 1981 buildings) retrofitted with energy saving lights. The roll out of energy saving mechanisms will further proceed in the 2009/10 financial year.

(f) Water Efficiency

- In order to ensure water efficiency in State-owned buildings, a strategy is being developed that will closely monitor water consumption, leakages and retrofitting of existing plumbing fittings. This strategy will be aligned with the DWAF Water Demand Management Strategy.

(g) Apex Priorities

- The rehabilitation of unused and underutilized buildings made way for the rehabilitation of approximately 24 buildings during the period under review, with 29 projects having been set aside for the next financial year. In ensuring compliance with the requirements of GIAMA, valuations model has been developed based on depreciated replacement costs.
A total of 309 valuation requests were managed, 79 were completed and 72 approved by the Land Affairs Board (LAB).

(h) Disposal Programme

- The disposal policy was reviewed and finalized; the implementation plan will be outlined in the 2009/10 financial year.

(i) National Infrastructure Maintenance Strategy (NIMS)

- Cabinet approval of the National Infrastructure Maintenance Strategy (NIMS) in July 2006, led to the launch of the strategy. The Construction Industry Development Board (CIDB), as a collaborative partner, will play a significant role in the implementation of NIMS. The maintenance sector forms an integral part of SA's total construction delivery capacity.
- The growth rate of the maintenance industry with its inherent labor intensity will stimulate job creation, skills development and broad-based black economic empowerment.
- The implementation of NIMS will take effect in the 2009/10 financial year.

CHALLENGES

- High staff turnover.
- Capacity to attract and retain scarce professional skills.
- Inadequate funding to implement key projects e.g. maintenance, condition surveys and valuations.
- Capacity to implement GIAMA, UAMPS, CAMPS, Asset Register, valuation of property portfolio.

2.4.3 Sub-Programme: Inner City Regeneration

PURPOSE

- To improve standards of accommodation to acceptable norm and improve the environment around the workplace
- To jointly develop individual accommodation solutions
- To promote BEE opportunities

ACHIEVEMENTS

- During the period under review the branch implemented capital projects, major renovations, and secured strategic land parcels for future Government Precinct. Key tangible measures of success are highlighted namely - improved accommodation standards, improved working environment for client departments, and improve the market value of State Properties as the department continue to invest capital resources through refurbishments projects.
- Through Special and Major Project execution, 156 construction projects were undertaken (capital, planned maintenance projects), 13 planned maintenance projects were concluded, while the rest will be concluded in the next financial year.

(a) Capital/ Major Refurbishment Projects

- The DoH (Civitas Building) was completed with additional accommodation allocated to the Department of Health. The old Government Garage Facility was converted to the High Tech Printing Facility for Government Printers in Pretoria.
- The refurbishment of Waterkloof Air Force Base Runway is progressing well. The handover of phase 1 will take place in October 2009. The completion of this stage will allow the Air Force and the President Air Craft Fleet to return to Waterkloof. The Ukhozi U1 and U2 – Facilities for Gripen Fighter Jets in Makhado have progressed well, with U3 Phase planned for construction in June 2009.
- Another significant project that is progress well is the refurbishment of 1 Military hospital for the Department of Defence (DoD).
- The Department managed 5 Sewer and water operation contracts in 5 Correctional Centres (prisons) for DCS. The success of these projects will assist both departments in complying with the requirements of Water Act that governs the utilisation of water from rivers/ boreholes and purification of waste.

(b) 2010 Projects

- The upgrading of Strategic Commercial Ports of Entry to coincide with 2010 World Cup Tournament is progressing well. The upgrading of Vioolsdrift Port of Entry between South Africa and Namibia, New Facility at Skilpadshek between South Africa and Botswana, rebuilding of Golela Border Post between South Africa and Swaziland is on track for completion by April 2010.
- The Construction of Lebombo One Stop Border Post has been scaled down to major refurbishment on South African Site due to financial constraints. Major works will resume after 2010 World Cup Tournament when the projected funding has been secured.

(c) Re-Kgabisa Tshwane Programme (RKTP) Future Government Precinct

- The Department of Public Works successfully concluded sale transaction of Salvokop from Transnet, Freedom Park and Berea Park land parcels.

- The acquisition of Salvokop went through a well thought process established in partnership with City of Tshwane (CoT), and other National Departments to create government boulevard under the Inner City Regeneration Programme (RKTP). This land is strategically placed, adjacent to the proposed transport hub (station, BRT, Gautrain, other public transport). The remainder of Salvokop will be redeveloped into a multi-use office, residential, commercial and tourism facilities (including Freedom Park).
- The department is continuously playing a strategic role in addressing accommodation needs for client departments, this saw the signing of 10 Options Analysis (OAs) with procurement solutions for client departments accommodation needs. The OAs were signed with the following departments - GCIS, DME, STATSSA, SAPS, DAC, DOJ, NT, DHA, DOT & GPW.
- To effectively implement interim accommodation plans, the branch will review the current options analysis strategy so that it caters for the remaining projects.

CHALLENGES

- Inadequate funding for project execution, technical capacity constraints, difficulty on timeous completion of projects where refurbished buildings are occupied by client departments, legal disputes instituted by bidders affects the implementation of contracts, escalation of costs.
- Lack of skilled personnel to expedite the architectural and heritage guidelines, including the Spatial Development Framework (SDF).

2.4.4 Sub-Programme: Operations

PURPOSE

- To ensure the implementation of Capital Works, Maintenance and Leasing programmes on behalf of client departments through eleven regional offices.
- To provide technical support to client departments.
- To build operational relations with Provincial Public Works to undertake similar infrastructure projects.

ACHIEVEMENTS

(a) Transformation of the construction industry

- A number of projects that has been identified for the promotion of SMMEs through Vuk'uphile have given a platform to a selection of contractors in the different regions. Approximately 89 CIP Contractors were identified, while Vuk'uphile registered 76 projects. These projects were executed in Cape Town, Durban, Johannesburg, Mmabatho and Polokwane. The processes for the Bloemfontein projects has kick started, the projects will be implemented in the 2009/10 financial year.

(b) Transformation of the property industry

- Attempts to transform the property industry encountered slow progress on disposal of assets to BEE companies. The breakdown is outlined as follows:-
 - Cape Town has 14 BEE leases out of 125 (11.2%)
 - Johannesburg has 37 out of 217 (17.05%)
 - The 11 new BEE leases medium term (5-10 year) registered in Durban are being concluded, while 3 long term leases (10-20 year) are being concluded
 - The awarded leases in Polokwane has decreased to 18%
 - In Nelspruit 5 long term leases have been concluded
- The above breakdown indicates that three (3) long term lease agreements on state-owned land to BEE companies was concluded in Durban, while an additional three (3) was concluded in Nelspruit (Mondi & Sappi). None took place in Cape Town, Johannesburg, Kimberley and Mthatha. On strategic disposal to BEE companies, Johannesburg finalized one immovable asset disposal of Erf 307 in Vereeniging.
- In terms of compliance to EPWP/NYS on job creation, approximately 3313 beneficiaries were placed against the 2859 that was set as an annual target.

- The absorption of best performing beneficiaries variably took place in 5 regions: Johannesburg, Kimberley, Mthatha, Polokwane and Pretoria. No beneficiaries were absorbed in Cape Town, Port Elizabeth, Nelspruit and Durban since they could not meet Artisan requirement and in other cases lack of contractor discipline.
- Rental debtors have been decreased by 22,9% within the last financial year. Discussions to improve controls over debtor and financial management are underway in regions.
- Accessibility of buildings to the physically challenged has been ensured in all new projects in Cape Town and Durban, 100% in Polokwane, 98% in Port Elizabeth, 90% in Pretoria 75% and Kimberley 41 buildings are compliant.

The Nelspruit region registered 11 buildings compliant and Mthatha registered 9. Johannesburg was 80% less compliant, based on the number of buildings inspected; this will be improved going forward, while Mmabatho is prioritized for compliance.

CHALLENGES

- Turn around times with SCM and policy compliance still impacts on service delivery.
- Lack of an approved disposal policy resulted in delayed disposal of assets in a strategic manner.
- Limited number of BEE property owners has a negative impact on achieving set targets for transforming the property industry.
- Efforts in developing an integrated committee to ensure successful maintenance of the Robben Island and Freedom Park.

2.4.4.1 Pan-African Parliament (Pap)

PURPOSE

- To design and develop the Pan African Parliament in South Africa.

ACHIEVEMENTS

During the period under review the following was achieved:-

- Consultants for the construction of PAP have been appointed and 95% of the main building design is completed.
- Earthwork contractors are on site, 38% of the bulk earthworks have been completed.
- An environmentally friendly building with energy efficiency focus will be constructed. A greening engineer will be employed to guide design consultants on aspects that require scrutiny with the view of achieving the 4 green star rating set as a target.
- Mapping of project development and management plans is in place for future use.
- The building will be handed over in phases – phase 1 handover is scheduled for September 2010, while phase 2 will be handed over in October 2011.

CHALLENGES

- Lesser number of jobs is created since the bulk earthworks are machine intensive.
- Inadequate funding for project execution
- Speedy decision making affected by inefficient internal processes and IT systems.

PROGRAMME 3: NATIONAL PUBLIC WORKS PROGRAMME

2.4.5 Sub-Programme: Expanded Public Works Programme

OBJECTIVES

- Ensure that EPWP goals through social, environmental, economic clusters are achieved
- Implement the coordination rural access roads
- Environmental rehabilitation

- Eradication of mud or inappropriate structures
- Jobs for Growth and develop new venture learnerships and cooperative
- Coordinate Home Community Based Care and Early Childhood Development Programmes
- Skills development through learnerships and expansion of beneficiary training
- Provision of infrastructure technical support to both municipalities and provinces

ACHIEVEMENTS

- The Expanded Public Works Programme was launched in April 2004 as a response to the agreement reached at the Growth and Development Summit (GDS) reached in 2003. The goal of EPWP Phase 1 was to alleviate unemployment by creating at least 1 million work opportunities, of which at least 40% of beneficiaries would be women, 30% youth and 2% people with disabilities.
- To date, EPWP has created more than 1 million work opportunities, than the actual target set in 2004. These work opportunities were created within the Infrastructure, Social, Environment and Economic Sectors, a breakdown indicating performance per sector is articulated below:-.

(a) Infrastructure Sector

- This sector exceeded its targets by reflecting an overall achievement of 169%. The KwaZulu-Natal Province contributed the most work opportunities at 375%, followed by Eastern Cape at 216% and Gauteng at 173%.
- The following Provinces - Free State, Mpumalanga and Northern Cape managed to achieve more than 50% of their respective targets, while Limpopo, Free State, Mpumalanga, Northern Cape and North West Provinces could not achieve the set annual targets. The Limpopo and North West Provinces registered an achievement of 27% of their set targets, it is important to note that municipalities contributed most work opportunities.

TABLE 1: Progress by individual programmes within Infrastructure Sector for the period 2008/09

Programme Name	Number of Projects	Work Opportunities	Training Days	Average Labour Intensity
NYS	136	7 705	220 604	33%
Provincial Roads	834	87 753	73 679	46%
Technical support	958	139 533	518 452	21%
Vuk'uphile	428	17 455	81 060	21%

Even though challenges were encountered with regards to training, the NYS created more than 220 000 training days; while Technical Support reported 518 000 training days for the period under review. Provincial roads reported the highest average on labour intensity at 46%, while Vuk'uphile and Technical Support reported 21%.

(b) Environment and Culture Sector

- This sector was dominated by national department's projects for the 2008/09 financial year. The overall achievement for national departments is 112% of the set targets. No targets were set for DPW and the Department of Arts and Culture (DAC), although both departments created 411 and 3 564 work opportunities respectively. The Department of Agriculture (DoA) achieved the highest percentage of 321%, while Department of Water Affairs and Forestry (DWAF) contributed 30 765 work opportunities, being the highest. The table below summarizes work opportunities per province and sphere of government to indicate the distribution of work opportunities within the Environment and Culture Sector.

TABLE 2: Distribution of work opportunities per province and sphere of government in the Environment and Culture Sector for period 2008/09

Province	Municipal	National	Provincial	Total
EC	1 656	22 754	1 316	25 726
FS	116	2 702	20	2 838
GP	3519	3 221	386	7 126
KN	200	5 377	13 036	18 613
LP	180	7 852	5 075	13 107
MP	-	4 005	1 424	5 429
NC	-	3 331	-	3 331
NW	397	2 062	211	2 670
WC	10401	10 746	-	21 147
Total	16 469	62 050	21 468	99 987

(c) Economic Sector

- This sector created 7 067 work opportunities in totality. The Eastern Cape Province contributing the vast majority as compared to other Provinces and Municipalities. The DPW reported 26 work opportunities that has been created. Disaggregating data by provinces, the highest average minimum daily wage was recorded in the Western Cape (R86) with the lowest being in the Northern Cape (R10), which was below the corresponding average of the overall sector. The average labour intensity of the sector was 29%, ranging from 2% to 66%. The Limpopo Province reported 66% labour intensity, which was much higher than that reported by the other Provinces. The KwaZulu-Natal Municipalities reported 4% labour intensity, while provincial projects reported 56%. In addition to the creation of work opportunities, the EPWP continued its efforts in respect of enterprise development across all sectors. The table below summarizes work opportunities in various spheres of government within the Economic Sector.

Province	Sphere	Work opportunities	Minimum daily wages (average)	Labour intensity (average)
EC	Municipal	1 329	R39	37%
	National	26	R86	38%
	Provincial	2 359	R56	5%
FS	Provincial	117	R50	5%
GP	Municipal	118	R23	21%
	Provincial	52	R16	4%
KZN	Municipal	175	R40	4%
	Provincial	651	R51	56%
LP	Provincial	988	R39	66%
MP	Provincial	973	R51	2%
NC	Provincial	90	R10	3%
WC	Municipal	189	R68	7%
GRAND TOTAL		7 067	R44	29%

(d) Social Sector

- This sector expanded its focus to include other programmes such as Safety and Security (SS) and School Nutrition (SN). All of these programmes are highly labour-intensive and provide enormous opportunities for the creation of work opportunities. This programme was introduced by five (5) Provinces, most work opportunities were created in the Western Cape. The SN programme was introduced and reported on by two Provinces, namely Mpumalanga and Free State.
- The overall achievement is 61 930 work opportunities in the 2008/09 financial year, which represented 167% of the target set. All provinces achieved their targets, except for KwaZulu-Natal, which missed the Social Sector target by a slim margin (93%). Although Mpumalanga achieved the highest percentage (244%), the Eastern Cape contributed the most work opportunities in this sector.

TABLE 3: Social Sector work opportunities created per province and programme for 2008/09

Province	Early Childhood Development	Home Community Based Care	Other	Safety & security	School Nutrition	Total
EC	800	9 802	83	448	-	11 133
FS	296	3 165	435	-	703	4 599
GP	20	7 291	2 389	-	-	9 700
KN	703	3 916	-	88	-	4 700
LP	1 403	4 946	2 070	-	-	4 707
MP	582	3 670	762	239	3 227	8 419
NC	204	1 463	-	48	-	1 715
NW	1 330	4 796	662	-	-	6 788
WC	2 193	3 424	2 012	1 670	-	9 299
Total	7 531	42 473	8 413	2 493	3 930	64 840

The table above shows that HCBC contributed the highest number of work opportunities at 65%. The Eastern Cape Province leading while Northern Cape contributing the least. The ECD created 7 532 work opportunities in total, which equated to 11% of the total number of work opportunities created. Gauteng created 20 work opportunities on ECD. Labour intensity in this sector remained high across all provinces and programmes, despite large variations.

(e) Training

- At the end of the five-year period, the overall number of person-days training provided since the inception of EPWP was at least 7 million. The EPWP therefore only achieved 46% of the initial 15.5 million target. This was mainly influenced by the delays on the availability of training funds from DoL and a general shortage of training providers.
- The tables (5-10) below illustrates the cumulative five year performance per sector:-

TABLE 4: Network opportunities created

	Target	2004/05	2005/06	2006/07	2007/08	2008/09
Infrastructure	750 000	158 277	103 343	136 035	236 951	377 356
Environment and culture	200 000	58 796	78 855	117 502	115 686	96 882
Social	150 000	1 650	17 858	34 332	61 018	59 508
Economic	12 000	4 687	1 833	3 231	3 697	6 930
Annual total		223 410	201 889	291 099	417 351	540 676
Cumulative total	1 000 000	223 410	425 299	716 399	1 133 749	1 674 425

TABLE 5: Network opportunities per province per year

Province	2004/05	2005/06	2006/07	2007/08	2008/09	Total
EC	10 203	15 701	47 327	79 173	89 542	241 946
NC	6 119	12 307	9 272	16 138	18 414	62 246
WC	19 227	25 759	40 366	47 818	57 051	190 220
FS	3 471	26 305	15 570	24 796	20 854	89 878
MP	15 508	18 279	14 746	63 589	28 300	101 629
GP	92 332	7 902	25 905	36 993	111 557	301 284
LP	17 067	11 011	18 572	100 563	46 187	129 829
KN	53 993	73 176	106 818	24 603	149 372	483 921
NW	5 490	11 455	12 523	21 147	19 401	73 471
Total	223 410	201 889	291 099	417 351	540 676	1 674 425

TABLE 6: Network opportunities per province per year in the Social Sector

Province	2004/05	2005/06	2006/07	2007/08	2008/09	Total
EC	-	235	8 303	16 810	9 794	35 142
NC	-	969	1192	1 908	1 479	5 548
WC	0	891	2 802	8 576	9 084	21 353
FS	-	2214	2 642	3 090	4 156	12 102
MP	1650	3 467	1 580	7 621	7 702	22 021
GP	-	0	3 870	7 225	8 821	19 915
LP	-	320	2 563	3 916	7 638	14 437
KN	-	6 230	7 950	5 893	4 711	24 784
NW	-	3 532	3 431	5 979	6 122	19 065
Total	1650	17 858	34 332	61 018	114 858	174 366

TABLE 7: Network opportunities per province per year in the Economic Sector

Province	2004/05	2005/06	2006/07	2007/08	2008/09	Total
EC		0	651	1 138	3 714	5 503
NC		0	0	0	90	90
WC	3700	0	0	0	158	3 858
FS		0	0	0	117	117
MP	1650	0	584	1 591	869	3 044
GP		0	0	0	170	170
LP	978	1 833	1 435	968	988	6 211
KN		0	0	0	825	825
NW		0	560	0	0	560
Total	4 687	1 833	3 231	3 697	6 930	20 377

TABLE 8: Network opportunities per province per year in the Infrastructure Sector

Province	2004/05	2005/06	2006/07	2007/08	2008/09	Total
EC	2 242	4 450	17 593	45 194	50 907	120 835
NC	3 087	8 440	3 983	8 358	13 826	37 694
WC	4 543	9 008	13 183	21 067	27 404	63 091
FS	381	22 181	9 814	16 736	13 979	40 312
MP	5 066	5 604	7 454	7 668	14 520	253 818
GP	88 179	3 542	15 935	50 401	95 761	55 053
LP	11 499	2 477	2 494	14 037	24 546	332 986
KN	39 971	41 621	62 942	62 710	125 741	33 418
NW	3 309	6 020	2 638	10 780	10 671	560
Total	158 277	103 343	136 035	236 951	377 356	1 011 962

TABLE 9: Network opportunities per province per year in the Environmental and Culture Sector

Province	2004/05	2005/06	2006/07	2007/08	2008/09	Total
EC	7,961	11,016	20,781	16,031	25,127	80,916
NC	3, 032	2,894	4,097	5,872	3,019	18,914
WC	10,984	15,860	24,382	18, 175	20,405	89,804
FS	3,090	1,909	3,115	3,853	2,601	14,568
MP	8,792	9,208	5,127	7 916	5,209	36,253
GP	4,153	4,359	6,101	5,963	6,805	27,381
LP	4,581	6,381	12,080	18 072	13,014	54,128
KN	14,022	25,324	35,926	31 960	18,095	125,327
NW	2,181	1,903	5,584	7,844	2,607	20,428
Total	58,796	78,855	117,502	115, 502	96,882	467,720

(f) Implementation of EPWP Phase 2

- Having the Mid-Term Review of EPWP phase 1 endorsed by Cabinet, paved way for the implementation of EPWP phase 2 with the intention of creating 2 million Full Time Equivalent (FTEs) – 4,5 million short and ongoing work opportunities over five (5) years for the poor and unemployed people of South Africa so as to contributed to halving unemployment by 2014.

CHALLENGES

- Due to the nature of EPWP work (labor intensive) there were low percentages on the employment of people with disabilities (1% versus 2% target).
- Integrating the EPWP into line function budgets reduces appetite for risks - making things more labour intensive is perceived as higher risk and officials are not willing to risk their line function budgets for EPWP.
- Although the programme met the set targets, labour intensity remained relatively low.
- In areas of very high need for work, opportunities are relatively few leading to “job rotation” and smaller impact per beneficiary (shorter employment, less income).

2.4.6 Sub-Programme: Policy, Strategy, Monitoring & Evaluation

PURPOSE

- To promote transformation, growth and regulate the construction and property sectors.
- To create a positive environment for the transformation, growth and development of the sectors.
- To promote uniformity and best practice in the management of state immovable assets.

OBJECTIVES

- Monitoring and promoting the transformation of the construction and property industries.
- Developing Broad-based BEE policies and strategies for the Department and monitoring the implementation thereof.
- Enhancing capacity in the construction and property industries through skills development.
- Promoting women, youth and people with disability in the construction and property sectors.
- Enhancing the profile, image and performance of the construction industry.
- Regulating the construction and property industries.
- Promoting uniformity and best practice in the management of the State's immovable assets.

ACHIEVEMENTS

(a) Promotion of transformation and growth of the construction and property sectors, through implementation of Construction and Property Charters

- During the period under review the branch has strived to provide strategic direction for sustainable growth, transformation and development of the property and construction sectors. This saw the development of appropriate empowerment policies and strategies for implementation within the department and roll-out to other spheres of government.
- Following the gazetting of the Construction and Property Charters in 2007 the unit continued to work with the charter structures towards the adoption of Codes of Good Practice for both industries. To this end, the Construction Transformation Charter Group (CTCG) and the Property Sector Charter Council (PSCC) were established.
- In respect of the construction industry, CTCG, supported by the Minister applied to the Department of Trade & Industry for the finalization of a Construction Sector Code in terms of Section 9 of the BBBEE Act. The PSCC will finalize a similar application in respect of the Property Sector Code in the 2009/10 financial year.

(b) Developing Broad-based BEE policies and strategies in the Department and monitoring the implementation thereof

(i) Development of a Property Management Empowerment Strategy and the Property Incubator Programme

- The Department of Public Works finalized the Property Empowerment Strategy on BEE, Poverty Alleviation, and Job creation strategy. The strategy is aimed at increasing the participation of black-owned companies in the property sector utilizing the Department's property portfolio.
- The implementation of the Property BEE Strategy highlighted notable achievements. In support of this strategy, the development of the Property Incubator Programme is underway and will be concluded in the 2009/10 financial year. To monitor the performance and impact made by the industries and to ensure appropriate intervention where required, a monitoring tools will be implemented in the next financial year.
- As part of transforming the property industry, the draft on Small Towns Development Concept Paper has been developed. The Department will engage all the relevant stakeholders in the 2009/10 financial year.

(c) Enhancing capacity in the construction and property industries through skills development.**(i) Contractor Incubation Programme (CIP)**

- The CIP was initiated in 2004 to create an enabling environment within which existing contracting enterprises can develop into sustainable enterprises. In selecting these enterprises, preference is given to black, women and youth-owned contracting enterprises. The enabling environment comprises of a steady access to work opportunities and supply side support measures for growing the targeted enterprises. The CIP targets contracting enterprises within the categories of three (3) to seven (7) of the CIDB grading, which are eligible to tender on contracts between R1,5 million and R30 million.

(ii) CIP Registration

- As reflected in the table below, a total of 126 contractors are currently registered on the CIP, of which 53 (42%) are women-owned contractors. The CIP target for women – owned contractors for the 2009/2010 financial year is 50%.

WOMEN OWNED CIP CONTRACTORS								
	CE	GB	ME	EE	SB	SE	SA	TOTAL
GRADE 3	3	8	1	1				13
GRADE 4	2	14		4		1		21
GRADE 5		7	2					9
GRADE 6	6	4						10
GRADE 7								0
TOTAL WOMEN	11	33	3	5	0	1	0	53
TOTAL NO. OF CIP ONTRACTORS								126
% WOMEN								42

The CIP is currently being reviewed with an intention to:-

- Ensure that its outcomes and achievements are in line with its original goals; and
- Align the implementation with the National Contractor Development Programme.

(iii) Review of Findings

- The table below indicates the summary of findings that were obtained from the CIP Review.
- The figures highlighted represent the number of contractors that were surveyed as part of the CIP Review process.

	CIDB Grade 3 – 4	CIDB Grade 5 – 6	CIDB Grade 7
% of CIP contractors in each category	59	39	1.3
% of woman-owned contractors	28.3	20	0
% of contractors that were awarded projects	36	53	10
% of contractors that received financial assistance	6.5	6.5	0
% of contractors that received mentorship support	37	23	0
% of successfully graduated contractors	4	3	0

(d) Promoting women and youth in the construction and property sectors.

(i) 2014 Youth Foundation

- The Construction Industry Policy Development Unit focused on internalizing and improving the 2014 Youth Foundation Programme in order to ensure that it remains an exceptional contributor to the skills pool in the construction industry. Grades 9 or 10 learners, from across the country, who perform well in mathematics and science are recruited into the programme and remain in the programme until they matriculate.
- The 2014 Youth Foundation Programme reflected notable progress in recruiting new learners in the 2008/09 financial year, 17 schools were recruited leading to the number of learners in the Foundation doubling from around 80 to 160.

(ii) School Holiday Camps

Three camps are held yearly during school holidays where learners are exposed to a variety of activities viz.:

- Motivational addresses/presentations
- Professional addresses (Architectural , Engineering, Town planning, etc)
- Career guidance
- Construction sites visits
- Team building exercises
- Places of interest in the construction sector

(iii) Promotion of youth in the property sector

- In partnership with the industry, tertiary education institutions and Sector for Education and Training Authority (SETA), the Department of Public Works is involved in developing skills development interventions that will contribute to the development of youth in the property sector.
- Research is done in quantifying the barriers of entry challenging young people in the property sector.

(e) Enhancing the profile, image and performance of the construction industry.

(i) National Construction Week (NCW)

- This is a yearly national awareness campaign to promote the image and profile of the construction sector particularly to give the young learners especially those in the 2014 Youth Foundation, the opportunity to experience a wide range of opportunities available in the built environment and construction sector.

(f) Regulating the construction and property industries.

(i) Review of White Paper and CBE Bill

- The review of the department's White Paper, *Public Works towards the 21st Century* adopted in 1997 could not be undertaken due to lack on funds. This project will be prioritized in the next financial year.
- An extensive review of the built environment was undertaken leading to the development of a policy and later a Bill which sought to transform the built environment through:
 - improving synergies amongst the professions,
 - streamlining procedures and processes,
 - advancing economies of scale, and
 - enhancing transparency.
- The CBE Bill was withdrawn to allow for further research and consultation.

(ii) Review of HIV/AIDS Strategy

- The third draft research report on compliance to the HIV/AIDS strategy by contractors working on DPW construction sites was submitted to the top management for inputs. The findings of the review are currently being implemented.

(g) Promotion of uniformity and best practice in the management of state immovable assets.

- This legislation was reviewed during the reporting cycle; the implementation plan will be outlined in the 2009/10 financial year.

(h) Revision of the Expropriation Act, 1975

- The Expropriation Bill has been withdrawn by Parliament in September 2008 to allow for further consultation. The department will embark on a structured programme with all stakeholders and interested parties during 2009/10 financial year, whereafter the Bill will be reintroduced to Parliament.

(i) Government Immovable Asset Management Act (GIAMA)

- Since the inception of the Government Immovable Asset Management Act, 2007 (GIAMA) the unit has been hard at work with the implementation and roll-out of GIAMA, thereby providing the necessary support to user and custodian departments.
- To date, significant progress has been achieved. In ensuring uniformity in the management of government immovable assets, the implementation of GIAMA will also be cascaded to Local Government. The guidelines for Custodian Immovable Asset Management Plans (C-AMP) and User Immovable Asset Management Plans (U-AMP) have been developed and endorsed by the Department of Public Works Minister and MECs forum (DPW-MINMEC). The GIAMA implementation plan will be rolled-out in the 2009/10 financial year.

(j) Property Management and Asset Management Policies

- The Rental Debtors Management Policy has been approved, including the two policy documents namely - advertising on state owned properties and letting out of non core space and maintenance on state owned properties that has completed. The review of the Use of Client Resources in Capital and Maintenance Projects on State Immovable Assets is underway.

(k) Land Reform on State land under DPW's control

- The Department continued to work closely with the Department of Land Affairs to facilitate the expeditious resolution of land claims on state land under its control, as well as the identification of surplus state land that is suitable for land reform purposes. Particular emphasis was placed on the release of agricultural land to the Departments of Land Affairs and Agriculture for allocation to emerging farmers in terms of Government's *Land Redistribution through Agricultural Development (LRAD) Programme*.
- The department continues to work closely with the Department of Rural Development & Land Reform to facilitate the expedition of land reform projects; a recommendation has been made to release 15 State-owned properties for land redistribution purposes. Preparatory work for the release of 21 additional properties is underway.
- In addition to the achievements highlighted above, the department will continuously focus on improving performance in the implementation of policies and programmes that supports key objectives by:-
 - (a) strengthening research capacity to ensure that the branch is a centre of expertise in relation to property and construction information;
 - (b) producing research papers to monitor the performance of the two sectors;
 - (c) monitoring the implementation of DPWs empowerment programmes to support the transformation of the Construction and Property sectors; and
 - (d) developing and implementation of the skills development strategy.

CHALLENGES

- Lack of appropriate skills in both the Construction and Property industries.
- Slow transformation in both industries despite the adoption of the Construction and Property Charters.
- Lack of adequate human resources and funding.

2.4.6.1 Strategic Management Unit

PURPOSE

- To develop and implement DPW Strategic Plan.
- To mainstream government policy priorities into DPW programmes
- To enhance DPW relationship with sector entities and other stakeholders
- To develop and implement Enterprise Risk Management (ERM) Framework
- To conduct socio-economic impact studies and economic analysis as part of enhancing DPW's Strategy.
- To implement knowledge management strategy.

ACHIEVEMENTS

- The 2009/10 – 2011/12 strategic plan for DPW was finalized and presented to Parliament on time.
- Performance information for all DPW public entities was properly analyzed to ensure effective contribution towards integrated service delivery.
- On an annual basis, the unit represents DPW at the National Treasury's Medium Term Expenditure Committee meetings that take place. The meetings are critical as DPW is relied on by NT to assist with assessment of national departments funding bid. Working in conjunction with Finance, contributed towards the compilation of the 2009 Estimates of National Expenditure
- Presented the 2008/09 – 2010/11 DPW strategic plan and the Medium Term Strategic Framework (MTSF) to various Regional Offices as a support towards the development of business plans.
- Held meetings with the various public entities reporting to the department to consolidate Corporate Plans.
- Prepared the Handover and Performance Review Report for the Presidency.
- Coordinated cluster reports and assess them for accuracy.
- Developed DPW's Programme of Action for submission to clusters, including DPW's Apex priorities.
- Analyzed the MTSF to incorporate Public Works strategy, through identified projects, to implement the MTSF.
- As part of developing the Integrated Risk Management Framework (IRMF), management control policy has been finalized.
- To ensure effectiveness of DPW programmatic interventions in both the first and second economies, the socioeconomic Impact Assessment Framework was developed.
- To ensure alignment of the four programmes of Public Works to Government's policy priorities various economic analysis reports have been developed, including (inter alia) the following:
 - Socio economic Implications of GIAMA
 - Building industry in the current economic conditions
 - Economic indicators trend analysis and projections
 - The DPW response to the current economic crisis was completed
 - Wrote and circulated two research papers on the political economy of South Africa and its role as a developmental state.
- Represented the department in the government caucus structure, convened by the Presidency to develop a response to the economic crisis.
- As part of institutionalizing knowledge management within the department, a series of workshops were conducted at head office and regions with the aim of developing an integrated knowledge management strategy. Approximately five (5) regions attended the workshops.
- The Library Week was hosted during 16-20 March 2009 to showcase the library services to the users.
- A joint project plan between DPW and Public Entities on KM has been developed to promote integrated service delivery.
- Represented the Department in the National Planning Development Forum. This forum is responsible for coordinating the development of local government Integrated Development Plan (IDPs).

CHALLENGES

- Inadequate funding has been a major challenge for the unit, especially on personnel and non-personnel. As a result some of the projects (such as economic impact studies, procurement of the risk management software tool, business continuity management) had to be delayed.
- Lack of human resource also had a major setback on service delivery within the unit – analysis of BER publications is but one challenge.

2.4.6.2 Monitoring And Evaluation**PURPOSE**

- To develop, manage, coordinate and implement overarching monitoring and evaluation activities within DPW.

ACHIEVEMENTS**(a) Coordination of reports**

- During the period under review reports from branches/business units were not consistently submitted. Most critical was the sub-standard quality of reports. **Reporting rate** increased to 99% by the end of the financial year.
- Most of business units had to resubmit their quarterly reports in an effort to improve the **quality and relevance** of performance reported upon.
- The departmental consolidated annual programme performance reports were timeously submitted to the Accounting Officer, reflecting achievements, challenges and issues requiring urgent attention on as far as performance of the department is concerned.
- The consolidated annual performance information, endorsed by the Acting Director-General was submitted to the Office of the Auditor-General.

(b) Operationalization and awareness of M&E

- Workshops and consultation sessions were held with all branches/business units, this process resulted in 88% of the quarterly reports realigned to improve quality and relevance of the unit's contribution. It is expected that the process undertaken would show impact on quality and alignment of reports in the 2009/10 reporting.
- In line with the Government-Wide Monitoring & Evaluation Framework, the M&E departmental policy is at 95% completion and will be endorsed in the 2009/10 financial year. The implementation plan will be outlined going forward. The M&E policy has been aligned to the Performance Management Development System (PMDS), ensuring correlation between branch/business unit and individual performance.

(c) Data management system

- The unit has been collating and analyzing programme performance reports manually; no automated system is in place yet to collate performance reports.

CHALLENGES

- Performance reports lack the alignment of program/project performance to budget expenditure, resulting in an inability to send early warning signals related to underperformance of projects and potential over-expenditures.
- Under capacitation of the unit and lack of financial resources hinders full execution of M&E processes.
- Lack of an automated monitoring system for consolidation of M&E reports.

2.4.6.3 Internal Audit And Investigation Services**PURPOSE**

- The Internal Audit and Investigation Services' unit conducted its activities under the direction of the Audit and Risk Management Committee and support from Management of the Department, and Executive Authority.
- The Unit adopted its revised charter effective from 1 April 2008 after approval by the Accounting Officer and the Audit and Risk Management Committee.
- All the activities of the unit were prioritized on the basis of the Department's Revised Risk Management Plan and Fraud Prevention Plan effective from 1 April 2008.

(i) **Internal Audit function**

Key Objectives

- The function is to provide independent, objective assurance and consulting service designed to add value and improve the department's operations; and to assist the department in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Risk management, Controls and Governance processes.

ACHIEVEMENTS

Risk Management

- The unit facilitated the development of a revised risk management plan of the Department for the Three-Year ending 31 March 2011. The risk registers were developed with the support of a computerized solution to ensure accuracy of results and monitoring by management.

Internal Control Processes

- The following audit projects were executed in the regional offices and head office units by the Internal Audit Services to provide assurance and consulting services to management of the Department on the effectiveness of risk management, Controls and Governance processes:
- Twenty four Audit projects were conducted in regional offices and head office units in the following areas:
 - Capital Project and Maintenance
 - Property Management
 - Risk Management Implementation audit
 - Human Resources Management
 - Prestige Movable Asset Management
 - Supply Chain Management
 - Financial Management
 - Management Special Assignments/Fraud Examinations
 - Operations - Project Management Support; Statutory Compliance; &
 - Corporate Services – Gender;
 - Corporate Services – Legal Services

Corporate Governance Processes

- The Unit hosted an Extended Audit and Risk Management Committee Seminar with a theme of "Meeting for a common purpose of Good Corporate Governance". The seminar was an initiative emanating from the concerns raised by the Department's Audit and Risk Management Committee with regards to the Department's strategy and action plans towards a sound control environment and the retention of a clean audit report.

Creativity

- In the seminar, parts of the demonstration video developed by the Unit in 2007 was presented. The purpose was to depict the different aspects of good corporate governance as well the impact of management's understanding of the good corporate governance on the operations of the department. This initiative was based on the unit's experience of the independent external assessment conducted by an independent external reviewer facilitated by the Institute of Internal Auditors and external assessment conducted by the Chief Audit Executive, in other organisations. Based on this production of a Corporate Governance Video, the Chief Audit Executive received an award for Woman Inventors and Innovations in a Southern African Woman Inventors and Innovations Symposium (SAWIIS) held in August 2008 .The copies of the video material were distributed to the Executive Authority, Accounting Officer, Institute of Internal Auditors and Accountant General at National Treasury for review and endorsement.

Training and Development

- All Internal Audit staff members are registered with the Institute of Internal Auditors as full members to ensure continued professional development and education.

- The following accreditations that have also been attained by staff members in the unit as follows:
 - six (6) staff members accredited as internal quality assurance validators, which is critical for ensuring and maintaining compliance to the Institute of Internal Auditors' Standards for Professional Practice of Internal Auditing as well as quality performance of audit work;
 - Two staff members have qualified and been accredited with the title of Certified Fraud Examiners by the Association of Certified Fraud Examiners [Austin, Texas, USA];

All the Internal Audit staff members were provided with internal training on a quarterly basis by the Chief Audit Executive, which covered the audit approach and processes adopted by the unit.

- The following are other specific areas of training:
 - Unit Results Communication Strategy & Quality Assurance;
 - Revised Teammate Library – Preliminary Survey and Audit Planning procedures;
 - Procedure Manual – Revisions;

Internship program

- The unit adopted a policy in 2000 to assist internal audit graduates with an extensive practical training that ensures that, on completion of training, they can attract permanent employment in public or private sector organisations with internal auditing practical experience. The unit has to date effectively trained more than 35 interns, who have been able to secure permanent employment in the Department and other external organisations.
- All 6 internship graduates engaged at the beginning of the financial year within the unit were fully absorbed in permanent employment by end of the Department's financial year ended 31 March 2009.

Private/Public Sector Professional Support

- The Chief Audit Executive provided professional internal auditing support to other Public Sector Departments, i.e. provincial departments at their requests and presented in the August 2008 on the Institute of Internal Auditors' (IIA) 12th Southern African Internal Audit Conference a topic on " Quality Assurance : Maximimising Audit for the Competitive edge"

CHALLENGES

- Non-availability of a computer solution/tool in the department to facilitate the monitoring of risk management implementation by management, in order to relieve the internal auditors on the facilitation so that they can provide assurance services regarding the risk management process.
- The unit continued to experience capacity problems as a result of resignations of highly trained audit managers for better opportunities in the private sector and other public sector departments.
- Vacancies as a result of the above resignations could also not be filled by year end due to funding challenges experienced in the Department in general.
- Certain audits that were planned for execution during the year could not be executed, due to non- availability of policy documents and business processes.
- Delays in the issuing of final internal audit reports were experienced as a result of unit managers not being able to conduct project and quality reviews in the Department's regional internal audit sections, because of financial resources limitations.

ii. Fraud Awareness

Key Objectives

- The objectives of this function is to create and promote awareness on the prevention and detection of fraud and corruption and facilitate management's workshops for fraud and corruption risk assessment, in order to proactively contribute to zero tolerance to fraud, theft, corruption and other unethical conducts in the department.

ACHIEVEMENTS

- The unit facilitated the annual revision of Three-Year Fraud prevention plan ending 31 March 2011 to ensure that an action plan is implemented to address all the identified fraud and corruption risks facing the Department.

- Fraud awareness campaigns were conducted in all the Department's regional offices and head office units. Quarterly articles, relating to understanding of fraud incidents and their prevention, were published by the unit on the Department's news letter to provide awareness to all the employees of the Department.
- The unit experienced an increase in reporting by Department's employees directly to the office of the Director General and to the office of the Chief Audit Executive, allegations of suspected fraud and corruption incidents.

CHALLENGES

- There are still some gaps in the implementation by management of the fraud prevention policies and response plans, as contained in the annual revised Fraud Prevention Plan.
- The Unit also experienced challenges during risk assessment workshops for identification of risks of fraud and corruption, due to perceptions that any risk mentioned was assumed to be certain to occur or to have occurred.

iii. Fraud Investigations

Key Objectives

- The objectives of the function is to provide independent investigation services to effectively contribute to zero tolerance to fraud, theft, corruption and other unethical conducts in the Department, by conducting investigations and recommend the disciplinary, criminal and civil proceedings to be instituted against identified individuals.

ACHIEVEMENTS

- The unit concluded fraud investigations during the year in different regional offices and head office units in the following incidents:
 - Unauthorised use of state motor vehicle and irregular extension of official accommodation;
 - Appointment of ghost employees;
 - Irregular award of bid;
 - Irregular award of tenders;
 - Allegations of Maladministration received from the office of Public Protector
 - Claims by contractors for work not completed or non-satisfactory completed
 - Irregularities in provision of services by Service providers
 - Unreasonable overstatement of services supplied to the department by service providers.
- Management has implemented the corrective action in most cases reported above which included the following:
 - Controls to prevent future occurrences
 - Disciplinary action against implicated parties
 - Recovery of funds through state attorneys
 - Issuing of letters for Reprimanding the officials

CHALLENGES

- The unit continued to experience capacity problem as a result of resignations of highly trained forensic investigators for better opportunities in the private sector and other public sector departments.
- There have been delays in other law enforcement agencies to support and finalise their responsibilities in relation to investigated and reported cases of fraud and corruption by the unit.
- The Unit has noted with concern the increase in organized fraud incidents conducted in the information systems of the department and other public Sector departments.

AUDIT AND RISK MANAGEMENT COMMITTEE STATEMENT

We are pleased to present our report for the financial year ended 31 March 2009

Audit & Risk Management Committee Members and Attendance as at 31 March 2009

The Committee consists of the members listed hereunder, and meets at least three times per annum as per its approved terms of reference. During the financial year ended 31 March 2009, four meetings were held.

<u>Name of Member</u>	<u>Number of Meetings Attended</u>
Mr. A. Sangqu: Chairman (<i>resigned with effect from 30/10/2008</i>)	3
Ms. T. Mahlati: Acting Chairman (<i>Effective 01/11/2008 until resignation on 27/03/09</i>)	4
Ms. V. Zitumane: Acting Chairman (<i>Effective from 28/03/2009 until 28 May 2009</i>)	4
Adv. O.C. Mabaso	2

The resignation of the Committee members was either due to end of period on the term of office of the member or member's commitments that resulted in him or her not able to further serve on the Department's Committee. All the terminations of the Committee membership was effected in concurrence with the Minister.

All the Committee meetings are attended by managers of the Office of the Auditor General responsible for the Department's audit. The Director General and his executive management team, together with the Chief Audit Executive attend the Committee's meetings to respond to pertinent questions raised by the Committee in its deliberations. An observer from National Treasury has a permanent invitation to the Committee meetings.

Audit & Risk Management Committee Membership effective: 28 May 2009

The Department appointed new additional members to the Committee to fill vacant positions with effect from 28 May 2009. The new appointments were done to ensure that the Committee is fully functional and meet the required quorum, in order to effectively deliberate on matters brought to their attention during its meetings.

The following is the new the Committee membership effective from 28 May 2009:

1. Mr. T.P. Nchocho: **Chairman**
2. Ms. V. Zitumane
3. Adv. O.C. Mabaso
4. Ms. V.F Memani-Sedile
5. Mr. B. T Seruwe
6. Ms. P. Noxaka

Audit and Risk Management Committee Responsibilities

The Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) f the PFMA, and Treasury Regulation 3.1.13. The Committee further reports that it adopted appropriate formal terms of reference as its charter, effective from 1 April 2008 and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of Internal Control environment

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA requirements, Internal Audit Activity provided the Audit and Risk Management Committee and management with assurance as to whether the internal controls are appropriate and effective or not. This was achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal auditors, the report of the Auditor General on the Annual Financial Statements, the matters of emphasis and management letters of the Auditor General, it was noted that the system of internal control

was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. Significant control weaknesses have been reported by the Auditor General in its audit reports with an adverse opinion and in the management letters. In certain instances, some weaknesses reported previously have not been fully and satisfactorily addressed. The effect of these instances has been included in the annual financial statements and the report of the Accounting officer.

The quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA.

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the department during the year under review.

Evaluation of Financial Statements

The Audit and Risk Management Committee has

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor General and the Accounting Officer. The Committee does not express any opinion on the Annual Financial Statements for the year under review based on the adverse opinion of the Auditor General.
- Reviewed the Auditor General's management letter and management's response thereto,
- Reviewed changes in accounting policies and practices. and
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Management Committee concurs and accepts the Auditor General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

In view of the significant issues raised in the audit report, the Committee has noted the commitment of management of the Department towards developing an action plan to comprehensively address the issues raised by the Auditor General and internal auditors. The Committee will closely monitor the progress.



T.P Nchocho
Chairman of the Audit and Risk Management Committee

31 August 2009

ACCOUNTING OFFICER'S REPORT FOR THE YEAR ENDED 31 MARCH 2009

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. General review of the state of affairs

1.1. Important policy decisions and strategic issues facing the department

As part of the review of The Expropriation Act (1975) and the Council for the Built Environment Act (2000) the department, working jointly with the Department of Land Affairs as well as the Council for Built Environment, has developed the Expropriation Bill and the Built Environment Professionals Bill. The two bills were presented to both Cabinet and Parliament during 2008/09. Due to the need for further research and consultation on these two pieces of legislation they were withdrawn and will be resubmitted to Parliament during the course of 2009/10 financial year.

The Rental Debtors Management Policy has been developed and is in the process of being rolled out. The other pieces of legislation that will receive attention during the course of 2009/10 financial year include the following:

- Extending the Government-wide Immovable Asset Management Act to local government
- Review of the White Paper on Public Works Towards the 21st Century: This white paper was adopted in 1997. The review is necessary in order to determine its relevance to the current government and departmental policy priorities. Part of the review is to determine the extent to which the department has implemented commitments made in the White Paper.
- Review of the White Paper on Construction
- Development of various other property management policies, such as:
 - Immovable asset disposal;
 - maintenance of state-owned immovable assets;
 - acquisition of immovable assets;
 - use of own resources by client departments in undertaking capital and maintenance work;
 - letting out non-core space;
 - state official residential accommodation;
 - advertising on state-owned immovable assets

The Department continues to work closely with the Department of Land Affairs to facilitate the expeditious resolution of land claims on state land under its control, as well as the identification of surplus state land under its control that is suitable for land reform purposes. Particular emphasis is placed on the release of agricultural land to the Departments of Land Affairs and Agriculture for allocation to emerging farmers in terms of the Land Redistribution through Agricultural Development (LRAD) Programme.

1.2 Other strategic issues facing the department include the following:

- Aligning the Contractor Incubator Programme and Emerging Contractor Development Programme with the National Contractor Development Programme
- A comprehensive BEE strategy with targets was developed and adopted by the department and with the gazetting of the Construction Charter, the focus will be on developing a system to monitor and evaluate compliance to these targets.
- Inner City Regeneration Programme extended to cover other provincial cities and towns

Property Management Trading Entity (PMTE)

The department is submitting two sets of the annual financial statements relating to the DPW in terms of the Vote, and the PMTE which is self funding through revenue generated by the accommodation business of the department. In the previous financial year the department received an exemption with regard to compliance with Generally Accepted Accounting Standards (GAAP) for reporting on the PMTE. The exemption period extended to the current year under review. Attached to the exemption were specific milestones that the department had to accomplish in order to achieve full compliance with GAAP.

1.3 Significant events that have taken place during the year

Up-scaling of Expanded Public Works Programme (EPWP)

As one of the key drivers of the second economy intervention, the implementation of EPWP Phase 1 saw the creation of more than 1 million work opportunities in the following sectors – social, infrastructure, economic and environmental. This initiative was aimed at creating work opportunities for the unskilled and unemployed citizens of South Africa, thereby alleviating poverty. The impact made (success of this programme) saw the implementation of EPWP Phase 2 that has already been launched during the period under review. This expansion is further aimed at creating approximately 4.5 million (short and ongoing) work opportunities over five (5) years, for the poor and unemployed so as to contribute to halving unemployment by 2014.

Enhancement of the asset register

The updating of the departmental immovable asset register is of priority to DPW and the effective implementation of the Property Management Trading Entity. This process involves the collection, research and verification of property information as well as capturing new and missing verified information in the register.

The project is well in progress, and there are plans in the new financial year to fast track the verification including the condition assessments on all state owned properties as part of enhancing the asset register.

National Skills Development Strategy

In contributing towards this strategy, one critical aspect that the department focused on was the implementation of an intensive capacity building programme throughout all departmental programmes, this entails learnerships, internships and the development of young professionals. This programme is aimed at addressing skills shortages within the built environment. This saw the recruitment of Cuban professionals deployed at regional level to assist with imparting of skills to trainees.

GIAMA Implementation

The Department of Public Works' custodial role over immovable assets ensures that the management, utilization and disposal of immovable assets gives priority to the accommodation requirements of government departments and community needs for social infrastructure. As a custodian of the **Government-Wide Immovable Asset Management Act (GIAMA)** the department **has to ensure that** Accounting Officers of various national departments, account for assets properly and utilise immovable assets under their jurisdiction optimally. In driving this process of ensuring improved service delivery to client departments, the department has developed Service Delivery Standards that serves as a guide to the development of bilateral Service Level Agreements (SLA) and Client Value Propositions with client departments. The Service Delivery Standards are underpinned by the following objectives:

- Determine the standard of service and time frame for delivery of projects.
- Build harmonious relations with clients and strive to improve services.

Planning For Accommodation Programme: Development and Implementation of UAMPs and CAMP

These are critical tools in the strategic planning process for accommodation needs of DPW clients. The Custodial Asset Management Plan (CAMP) guidelines have been developed. The department is currently assisting its clients to develop User Asset Management Plans (UAMPs) for those departments that were not part of the pilot project. In streamlining the implementation of GIAMA, a series of workshops were held with Regions and other relevant stakeholders where the role and responsibilities of GIAMA were articulated.

Devolving of the Rates & Taxes budget

During the year under review the department received R889 million as conditional grants to Provinces for the payment of rates & taxes to Municipalities. A framework was developed for the payment of the conditional grants and monitoring thereof. Although there were teething problems in the beginning with regards to the payment logistics, all the grants were transferred to the Provincial Treasuries by the end of the financial year. Systems have also been improved to enable better monitoring of the grants.

Improved Governance

In line with the spirit of continuous improvement the department established a monitoring and evaluation unit which started a focused monitoring and evaluation of service delivery objectives of the department. Through this Chief Directorate the department is geared to produce comprehensive and consolidated quarterly performance reports that are informative and well structured for decision making.

Major strides have already been taken in institutionalizing the monitoring and evaluation of departmental performance as well as designing standard reports for reporting.

1.4 Major projects undertaken or completed during the year

Department of Public Works through Operations Branch and ICR & PM Branch continues to implement client's capital projects, major renovations, and secures strategic land parcels for future Government Precinct.

Capital Projects

The Construction of Medium Security Prison Kimberly for DCS, Construction of Matoks and Jane Furse SAPS in Limpopo Province, and hand over Polokwane High Court to Department of Justice. In Eastern Cape DPW successfully refurbished Gelvandale Court, Completed Police Station and Support Facilities in Cradock, while in Western Cape Caledon Housing for Married and Single Personnel with Mess was completed.

Major Refurbishment

DPW completed Civitas Building with additional accommodation for Department of Health Head Office in Pretoria. We managed to convert the old Government Garage Facility to the High Tech Printing Facility to Government Printers in Pretoria.

The refurbishment of Waterkloof Air Force Base Runway is progressing well, and handover of phase 1 is October 2009. The Completion of this stage will allow the Air Force and the President Air Craft Fleet to return to Waterkloof. Ukhozi U1 and U2 – Facilities for Gripen Fighter Jets in Makhado have progressed well, with U3 Phase planned for construction in June 2009.

2010 Projects

The upgrading of Strategic Commercial Ports of Entry to coincide with 2010 World Cup Tournament is progressing well. The upgrading Vioolsdrift Port of Entry between South Africa and Namibia, New Facility at Skilpadhek between South Africa and Botswana, rebuilding of Golela Border Post between South Africa and Swaziland is on track for completion by April 2010. The Construction of Lebombo One Stop Border Post has been scaled down to major refurbishment on South African Site due to financial constraints. Major Works will resume after 2010 World Cup Tournament when required funding is secured.

Rekgabisa Tshwane (RKTP) (Future Government Precinct)

The Department of Public Works concluded a sale transaction of Salvokop from Transnet. The acquisition of Salvokop went through a well thought process established in partnership with City of Tshwane (CoT), and other National Departments to create government boulevard under Inner City Regeneration Programme (RKTP). This land is strategic as it is adjacent proposed transport hub (station, BRT, Gautrain, other public transport). The remainder of Salvokop will be redeveloped into a multi-use office, residential, commercial and tourism (including Freedom Park).

1.5 Budget Allocation 2008/9

The department's approved budget including adjustments estimates amounted to R4,3 billion,(2007/08:R 3,7 billion) representing an increase of 14% from the previous year's adjusted budget.

76% of the total adjusted budget is allocated to Programme 2, Provision of Land and Accommodation which is the core business of the department. This allocation included an amount of R889 million earmarked as conditional grants for the devolution of the rates & taxes budget, R538 million for the augmentation of the self funding PMTE budget and R1,1 billion for capital projects relating to buildings and other fixed structures.

1.6 Spending trends

The financial performance of the department showed a commendable improvement of 97% spending against the previous year's performance of 90%.

Notwithstanding the notable performance reported above, spending under the compensation of employees baseline has exceeded the allocated budget by R49 million representing a 5,6% unauthorized expenditure as at the end of the financial year.

The below table indicates a synopsis of the overall departmental performance.

Department of Public Works

	2008/09 R'000	2007/08 R'000
Budget allocation	4,30 billion	3,75 billion
Actual Expenditure	4,18 billion	3,40 billion
Spending as a percentage	97,6%	90,5%
Unspent funds	109 million	357 million
Unspent funds as a percentage	2.4%	9.5%

Spending per Economic

Economic Classification	Current Financial Year (2008/09)			Previous Financial Year (2007/08)		
	Final Budget	Exp 31/03/2009	Budget Spent %	Final Budget	Exp 31/03/2008	Budget Spent %
Compensation of Employees	868,261	917,099	105.6%	746,438	746,436	100%
Goods & Services	736,614	735,914	99.9%	720,742	720 709	100%
Transfers & Subsidies	1 512 705	1 510 718	99.9%	1 412 142	1 404 198	99%
Payment for Capital Assets	1 177 192	1 026 036	86.9%	880 142	521 285	59%
TOTAL	4 301 992	4 192 987	97.6%	3 759 464	3 392 629	90%

Compensation of employees

The department has over spent by 5.6% on compensation of employees. Over spending is in all programmes where compensation of employees is allocated. This situation came about as a consequence of the expansion of the department which saw the full implementation of the EPWP, the establishment of strategic units like the Monitoring & Evaluation, as well as the RKTP. This situation was further compounded by the compelling contribution towards the national skills development and national human resource development strategies which brought about appointment of Cuban professionals to transfer skills to our young professionals, interns and learners.

Save to say, measures are already been put in place to address this adverse situation.

Buildings and other fixed structures

The under spending in Buildings and other fixed structure is due to the timing difference between the preparation and compilation of PACE report from PMTE to DPW. The unspent amount has been requested as rollover for payment in April.



PROPERTY MANAGEMENT TRADING ENTITY (PMTE)

Income Statement	2008/09	2007/08
	R'000	R'000
Revenue	4,283,244	4,694,048
Expenditure	4,411,277	4,626,484
Deficit/Surplus as at 31 March	(128,033)	(67,564)

During the year under review, the PMTE managed a budget of R 4,3 billion, excluding the R3,5 billion managed in terms of clients infrastructure capital, and R1,5 billion relating to Municipal services. The main source of this revenue is mainly derived from invoices billed to clients in terms of accommodation charges. This amount is augmented by a transfer from the Department as well as a minimal management fee charged on the handling of Municipal Services accounts on behalf of Client departments who opted to continue using DPW for the payment of Municipal Services.

The deficit of R128 million is due to expenditure being incurred while invoices for new leases were issued to clients later in the financial year. Only 55% of these invoices were paid by the end of the financial year, reducing the amount of actual revenue as compared to the estimated revenue. This situation was brought about by the fact that the Entity was still reporting on a cash basis and accrued revenue was not taken into account.

In order to avoid the over-expenditure situation against the leasing budget in the coming financial year, the PMTE will endeavor to streamline internal processes, produce itemized billing, and improve communication with client departments on the correctness and completeness of the lease data.

1.5 Virement:

Virement amount of R4,2 million and R1,1 million was made from Programme two and Three respectively to defray over spending on capital assets and transfers and subsidies (Household) in Programme one and two respectively.

The virement was done in accordance with PFMA and Treasury Regulations. Unauthorised expenditure of R 48.8 million was realized on compensation of employees and register relating to unauthorized will be submitted to the Office of the Auditor General and Parliament.

The short falls in the respective programmes were as a result of the following:

Programme one:

High expenditure in capital assets was as a result of additional staff and replacement of the old furniture and equipment.

Programme three:

Over spending in Programme three is due to high expenditure under capital assets for newly procured furniture for additional staff members.

2. Services rendered by DPW

2.1 Services Rendered

- Provide and manage the accommodation, housing, land and infrastructure needs of national government departments
- Lead and direct the implementation of the Expanded Public Works Programme
- Promote growth, job creation and transformation in the Construction and Property industries

2.2 Tariff structure of the department's services – PMTE

State owned accommodation – different tariffs are used for different facility types. The average tariff is R 8.11 which represents about 25% of the full cost of ownership of these facilities. This amount is increased by 15% on an annual basis and should reach the level of self-sustainability by 2017.

Municipal Services – a 5% management fee is charged on all invoices paid and claimed from Clients.

2.3 Free Services

The department does not offer any free service. All activities are done in line with the mandate of the department.

2.4 Inventories

The consumable inventory of the Department consists mainly of stationary and printing material. The total value of the closing balance as at the 31 March 2008 was R1,3 million.

3. Capacity constraints

The department is currently facing serious challenges around operational resources and the filling of strategic and technical skills. Notwithstanding the challenges with regard to retaining scarce skills the budgetary constraints have made it more difficult to implement retention strategies.

It is very clear from the activities reported in the annual report that the mandate of the department has increased significantly over the past years, whereas the increase in the baseline for compensation of employees has been very minimal.

To address the current capacity constraints relating to scarce skills, and also as part of the department's contribution towards the national skills development and national human resource development strategies, an intensive capacity building programme has been implemented throughout all departmental programmes.

The programme focuses on learnerships, internships and developing young professionals. A key objective of the programme is to address skills shortages within the built environment profession. To optimize the programme's impact, the department has started to recruit Cuban professionals, who will be deployed in all regional offices to assist with the transfer of built environment skills to trainees. Currently, those who have already been recruited have been deployed to Provincial Departments of Public Works and some to the Head Office of DPW.

Funds will be prioritised in the new financial year to address the possible perennial over expenditure under the compensation of employees and to fill the current vacant posts.

4. Utilisation of donor funds

For the year under review the department did not utilize donor funds.

5. Trading entities and public entities

5.1 Property Management Trading Entity

The department is still in the process of implementing a full fledged Property Management Trading Entity (PMTE) to provide property management related services to Clients. The entity has been operating on a modified cash basis of accounting and has been reporting in terms of GRAP which is a departure from Treasury Regulation 18.2. This has been done with the requisite exemption from National Treasury.

The business case for the PMTE has already been submitted to the EXCO for adoption and recommendation for sign off by the Minister. It will also be submitted to the National Treasury for endorsement.

The financial performance of the PMTE is reported under 1.6 above.

5.2 The Construction Industry Development Board (CIDB)

The main objective of the board is to provide strategic direction for sustainable growth, reform and improvement of the construction sector and its role in the economy. It seeks to promote an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.

CIDB is established in terms of Act No. 38 of 2000. During the year under review the total allocated amount of R41,891 million was transferred to the Public Entity.



5.3 The Council for the Built Environment (CBE)

CBE's main role is to oversee the six built environment professional councils who regulate the professions of Architects, Engineers, Landscape Architects, Quantity Surveyors, Project and Construction Managers as well as Property Valuers.

CBE is established in terms of Act No. 43 of 2000. During the year under review the total allocated amount of R26,286 million was transferred to the Public Entity.

5.4 Agrément South Africa

The main objective of Agrément S.A. is to support and promote the process of integrated socio-economic development in South Africa as it relates to the construction industry by facilitating the introduction, application and utilization of satisfactory innovation and technology development in a manner which will add value to the process of assessment and certification.

It was established by the Minister of Public Works in 1969 as an independent organization to bring impartial judgment to the evaluation of innovative construction products and systems in the interest of the consumer.

During the year under review the department transferred R8 million to the entity as financial assistance to their operations. This amount is budgeted annually under the goods and services budget, however in the next financial year these funds will be moved to transfers in line with the accounting standards and the PFMA.

5.5 The Independent Development Trust

The IDT was established in 1990 as an independent, temporary grant –making agency with a R2 billion government grant. In March 1997 Cabinet endorsed a recommendation on the redefinition of the role of the IDT: "The IDT must be transformed into a government development agency that will implement projects which are commissioned by government departments. It must cease to be a civil society organization, an independent agency or a funding agency". Hence the Deed of Trust was amended in 1998. The trust has been listed as a schedule 2 Public Entity since 1998/99.

Although the department does not provide any financial assistance to the entity, there is an urgent need for the recapitalization of the Trust for its operations and sustainability.

6. Organizations to whom transfer payments have been made -

6.1 The Construction Industry Development Board

The total amount transferred to the CIDB during the year under review was R 41,891 million. This transfer was made based on the funding requirements of its business plan to enable it to carry out its activities efficiently and effectively.

6.2 The Council for the Built Environment

The total amount transferred to the CBE was R 26, 286 million. This transfer was also made to the CBE based on its funding requirements to carry out its activities efficiently and effectively.

7. Public private partnerships (PPP)

To this end, the Department did not undertake or enter into any Public Private Partnership Project / Contract.

8. Corporate governance arrangements

DPW has a fully functional Audit & Risk Management Committee. It also has a risk management strategy which comprises a comprehensive risk management plan and a fraud prevention plan. The plans are revised annually and used by the DPW's business units to manage and control the impact of risks to the achievement of their objectives. They are also used to focus the efforts of internal audit function of the department.

The department, in promoting compliance to good corporate governance in the Departments of Public Works, facilitated and hosted an Audit Committee seminar, where all its management team, public entities and provincial public works managers were exposed to the role and responsibilities of the Audit Committee in relation to governance processes. The other main focus of the seminar was to emphasize and encourage the department to retain its clean audit report status and improved state of affairs, particularly around effective controls; risk management and governance processes.

The activities of the department are underpinned by clear policies and delegations approved by the Accounting Officer. As part of enhancing the internal controls, delegations for approving lease contracts above R2million have been rescinded from the Regional Managers to the Accounting Officer. Procurement delegations have also been reviewed to provide improved systems for properly evaluating all major capital projects prior to final decisions on projects. Implementation of the reviewed procurement delegations will take effect in the new financial year.

The functions of the department including the budgeting structure will also be realigned in the new financial year to provide effective governance and improved performance.

9. Discontinued activities/activities to be discontinued

As part of devolving property management funds to client departments, municipal services function was also devolved. Due to lack of capacity most of the client departments have requested DPW to continue rendering this service on their behalf at a 5% fee. The provision of functional accommodation has also been devolved to South African Police Services as a pilot.

10. New/proposed activities –

The overall objective of the second phase of EPWP is to create 4.5 million (short and ongoing) work opportunities for poor and unemployed people in South Africa so as to contribute to halving unemployment by 2014, through the delivery of public and community services. This will scale up from 500,000 per year in 2009/10 to 1.5 million in 2013/14.

The programme will be implemented in four sectors, namely, Social, Environment, Infrastructure and the Non-State sector. An important dimension of phase 2 will be the introduction of an incentive to public bodies to shift towards increased labour intensity. R4,1 billion has been allocated as an incentive grant to support the up scaling of the programme.

The programme will also contribute towards addressing the current global economic meltdown through creating jobs that will lead to sustainable livelihoods

Response to energy crisis within the country:

DPW had to intensify its current programme on energy efficiency to ensure an effective response to the national call on energy crisis. This included developing guidelines on energy efficiency and ensuring that all client departments abide by these guidelines in using their accommodation facilities. Various other energy efficiency options have also been explored for implementation in the 2009/10 financial year. These include, inter alia, replacement of current electric bulbs with more energy efficient ones, installation of special mechanisms on geysers that will assist to switch them off automatically during weekends and after hours, etc.

11. Asset management

Immovable Assets

Currently only immovable assets that are known to DPW have been captured on the departmental Asset Register known as Property Management Information System (PMIS). The updating of the system is a continuous process as DPW executes its mandate as a custodian of national immovable assets.

There is work in progress with regard to improving the register to have complete and accurate basic minimum requirements of a credible asset register. The department will also be implementing a new system in the new financial year that will enable compliance with GIAMA.

Movable assets

The movable assets of the department are managed through the LOGIS asset register. Major strides have been made in ensuring that assets are correctly captured in the register.

Physical verification for the Head Office assets could not be conducted during the year due to the flooding of the Isivhuno Building which forced the department to seek a temporary accommodation and the use of rented furniture.

All the movable assets were kept in a store room pending the move to the new building which only became available for occupation in April 2009. It should be noted that the process of allocating the assets to new locations and attaching them to new custodians is ongoing. Any identified missing assets after the issuance of this report will be reported to the Auditors.

12. Events after the reporting date

The Director General of the Department, Mr M Moroka resigned from the department effectively from the 2nd April 2009, and that led to the appointment of the Chief Operations Officer as acting Director General.

The current Minister, Mr Geoff Doidge was reappointed as the Minister for the National Department of Public Works by the new President. Both these appointments reconfirmed continuity with regards to initiated programmes.

During the month of June the department discovered fraudulent transactions which resulted from the changing of banking details of a few service providers. Although the total loss is not yet established, the department is vehemently pursuing the matter with the Police.

13. Performance information

The Chief Directorate Monitoring and Evaluation was established in June 2008. This saw the implementation of the Government-Wide Monitoring and Evaluation System (GWM&ES). Since its inception, the implementation of M&E within DPW is mainly guided and informed by the following:-

- Reporting in line with the requirements of the strategic and operational plans;
- Clearly set objectives/targets and indicators. The M&E unit apply these objectives and targets as benchmark on measuring programme performance;
- Structured reporting aligned to strategic and operational plans has been developed and implemented by business units to ensure unified reporting, that is in line with the reporting requirements (developed templates for collating performance reports from various programmes).
- The M&E unit has been closely monitoring programme performance against set targets on a quarterly basis. The consolidated quarterly performance reports are developed and presented to the Executive Committee (EXCO), highlighting achievements and challenges of various programmes. A brief overview of spending patterns outlining trends of various programmes is also depicted in the reports.

The department is in the process of acquiring a performance management solution for managing performance information. The required system will meet the requirements of the GWM&E framework. The intended system will further ensure integration of existing departmental systems in order to eliminate proliferation of stand alone systems and comply with the following prescripts:

- GWM & ES Framework
- National Treasury PPI Framework
- Statistics South Africa Quality Assurance Framework

14. Prior modifications to audit reports

Property Management Trading Entity & DPW

The department received an unqualified audit report with the following emphasis of matter:

Amendment to the applicable basis of accounting

National treasury approved a deviation from the basis of accounting applicable to the public entities which granted the PMTE the permission to report in terms of GRAP and not GAAP.

Progress to date

The status quo still remains. The department has not yet achieved all the milestones and conditions attached to the exemption; however, there is a concerted effort and strong buy in at top management level to comply with all the conditions before the end of the new financial year.

2. Other Matters:

Non Compliance with applicable legislation

Audit Finding

- Payments of invoices were not always done within 30 days in terms of section 38(1)(f) of the PFMA.

Progress

All regional and head office staff were work shopped on the compliance issues. A risk management symposium which involved the post mortem of the audit was conducted. All regional offices presented their detailed action plans with clear target dates for resolving of the issues.

The challenges of monitoring the actions plans throughout the year became very evident during the interim audit, and to this end plans to create capacity for providing ongoing inspectorate and follow up on the action plans is well in progress.

Audit Finding

- Fruitless and wasteful expenditure was not reported on a monthly basis as required in terms of the Treasury Regulations 9.1.2

Progress

Initiatives were put in place to have a structured and standardised reporting formats, however, due to the changes in senior management in particular the Chief Financial Officer reporting to National Treasury did not happen as planned.

Entity Revenue

Audit Finding

- Various discrepancies in respect of process of revenue collected from clients department were noted including lack of proper reconciliation and reviews, unauthorised manual journals, misallocation between the regions.

Progress

Significant progress has been achieved with regard to revenue collections and reconciliations. There is now a controlled process of authorizing journals and reconciling the pace report. There is continuous improvement in the PMTE to implement necessary internal controls for effective financial management.

To this end, a head of the PMTE was appointed during the third quarter of the financial year. The restructuring and aligning of the activities within the finance branch will enable the PMTE to operate more effectively.

16. Exemptions and deviations received from the National Treasury

During the year under review the department did not receive any new exemptions except for the existing exemption which allowed the department to deviate from compliance with GAAP for reporting on the financial statement of the PMTE.

The conditions set out for the exemption have not been met in full due to delays in the internal processes of approving the business case, and the capacity constraints.

The department has put in place a focused team and clear action plan that will enable achievement of the milestones by the end of March 2010.

15. Other

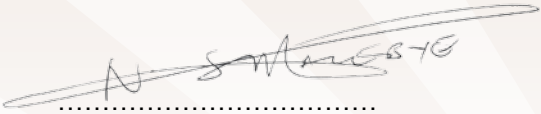
The department has reported in its financial statement under note 29 a doubtful debt of R67 million arising from a Repairs and Maintenance Project (RAMP) which was done on behalf of Marine Living Resources Fund by the department between 2002 and 2005. This project was funded through the Department of Environmental Affairs (DEAT). Over the years DEAT experienced budgetary constraints which impacted on the implementation of the RAMP. It was agreed during 2004/05 that NDPW will carry the costs while DEAT was negotiating additional funding through the MTEF of 2005/08.

Unfortunately DEAT could not secure the funds from National Treasury, and the department remained with the debt. The MLR has also confirmed that it is not able to pay the department for the remaining debt of R67 million.

Although the department has exhausted all possible means of recouping the money, it is not possible to write off the amount due to inadequate limited savings. The MLRF has been requested to continue showing this liability in their books until such time the department is able to resolve the matter.

16. Approval

The Annual Financial Statements set out on pages 61 to 147 have been approved by the Accounting Officer.



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MR N S MALEBYE
ACTING DIRECTOR GENERAL
DATE: 31 August 2009

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 5: NATIONAL DEPARTMENT OF PUBLIC WORKS FOR THE YEAR ENDED 31 MARCH 2009

AUDIT REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the national Department of Public Works (DPW) which comprise the appropriation statement, the statement of financial position as at 31 March 2009, and the statement of financial performance and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 61 to 116.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act (Act No. 1 of 2007) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion

Moveable tangible capital assets and minor assets

7. In terms of section 40(1)(a) of the PFMA and Treasury Regulation 10 and 17.2.3 the accounting officer must take full responsibility and ensure that proper control systems exist for the accounting of assets and the entity must maintain full and proper records in respect of these assets. I was unable to satisfy myself as to the existence, completeness and accuracy of moveable tangible capital assets amounting to R221,9 million at year-end as disclosed in note 30 to the financial statements and minor assets amounting to R26,8 million as disclosed in note 30.4 to the financial statements as a result of the following matters:
 - The balances as disclosed in note 30 to the annual financial statements could not be supported by a complete asset register.
 - The existence of minor assets (assets less than R5 000) as disclosed in note 4.1, purchased during the year under review and amounting to R13,4 million could not be confirmed due to the asset register being incomplete. The DPW's records did not permit the application of adequate alternative audit procedures to verify the existence of the current year additions.



Immovable tangible assets

8. With reference to note 32 to the financial statements, I could not verify the completeness, rights and obligation, and valuations of the immovable tangible assets amounting to R5,3 billion due to the following shortcomings:
- Not all assets owned by the DPW were accounted for in the asset register that supports the financial statements.
 - Title deeds and stand numbers for some of the assets were not indicated on the asset register and therefore the DPW's rights and obligation to these properties could not be verified.
 - The DPW, in conjunction with the Department of Rural Development and Land Reform and all provincial departments' custodians, was tasked with leading a government-wide initiative to complete the vesting of ownership of state-owned land. This initiative is still in progress.

Intangible assets

9. The adjustment to the prior year balance of intangible assets as disclosed in note 31 to the annual financial statements consisted of software to the value of R40,3 million purchased and paid for in advance during the 2005-06 financial year. Up to the completion of this report the software was not yet utilised by the DPW. A project charter has been compiled after year-end to manage the project. As a result I could not verify existence of the software at year-end.

Opinion

10. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the DPW as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the PFMA and DoRA.

Emphasis of matters

I draw attention to the following matters on which I do not express a qualified opinion:

Basis of accounting

11. The department's policy is to prepare financial statements on modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements.

Significant uncertainty

12. At the bottom of annexure 2B, Statement of contingent liabilities, is a narrative referring to a potential liability regarding a conditional assessment of properties under the custodianship of the DPW by two service providers. The potential liability will only be determined after validation of the work performed.

Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with legislation

13. Public Finance Management Act

The accounting officer did not comply with the following legislative requirements:

- Section 38(1)(d) of the PFMA: that requires the management, safeguarding and maintenance of the assets.
- Section 38(1)(c)(i) of the PFMA: that requires management to take effective and appropriate steps to collect all money due to the DPW.
- Section 38(1)(g) of the PFMA: that requires a report in writing to the relevant treasury of particulars of any unauthorised, fruitless and wasteful expenditure.

14. Treasury Regulations

- The person in charge at the respective pay points did not certify on the date of payment that all persons listed on the payroll report are entitled to payment, as required by Treasury Regulation 8.3.4.
- Payments of invoices were not always made within 30 days of receipt of invoice, as required by Treasury Regulation 8.2.3.
- The letting of immovable state property (excluding state housing for officials and political office-bearers) is not always at market-related tariffs, as required by Treasury Regulation 16A7.4.
- The DPW could not provide me with evidence that they have applied appropriate measures to ensure that transfers and subsidies to entities were applied for the intended purposes, as required by Treasury Regulation 8.4.1.

15. Public Service Regulations

- Three cases were noted involving senior management positions where relevant positions were advertised and filled before the job evaluation was approved, contrary to the requirement of PSR, 2001, Part III F.
- A number of employees did not declare all their interests to the executive authority, as required by PSR, 2001 Chapter 3.

16. Division of Revenue Act

- The DPW did not evaluate the performance of programmes that are fully or partially funded by the schedule 4 conditional grants and submit such evaluation to the National Treasury within four months after the end of the financial year, as required by section 9(1) and 10(6) of the Division of Revenue Act.

Governance framework

17. The governance principles that impact the auditor’s opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and other key governance requirements addressed below:

Internal control deficiencies

18. Section 38(1)(a)(i) of the PFMA states that the accounting officer must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control compone.

Par. no.	Basis for qualified opinion	CE	RA	CA	IC	M
7.	Moveable tangible capital assets and minor asset					1
8.	Immovable tangible assets					1
9.	Intangible assets					1

19. Management did not implement processes to monitor and supervise the effectiveness of internal controls over financial reporting.

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

20. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 40 of the PFMA).	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The department had an audit committee in operation throughout the financial year.		✓
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10	✓	
7.	Internal audit		
	• The department had an internal audit function in operation throughout the financial year.	✓	
	• The internal audit function operates in terms of an approved internal audit plan.	✓	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2	✓	
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		✓
14.	SCOPA resolutions have been substantially implemented.	✓	

No.	Matter	Y	N
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the National Department of Public Works against its mandate, predetermined objectives, outputs, indicators and targets. (Treasury Regulations 5.1, 5.2 and 6.1)	✓	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

21. The result of the assessment is indicative of the department's lack of adequate monitoring and governance processes to identify deficiencies and timeously implement corrective actions that will lead to reliable financial reporting, compliance with legislation and the availability of information.

Investigations

22. The following investigations were conducted:
- Investigation into the process followed by the DPW with the procurement of the SAS Business Intelligence Solution. This report was submitted to management.
 - Investigations into the allegations of irregular appointments and management practices in the DPW. This report was submitted to management.
 - Investigation into the process followed by the DPW with the appointment of service providers for the asset verification and condition assessment project. This report was submitted to management.
 - Investigations into the allegations of unauthorised changes in service providers' bank details. These investigations were still ongoing at reporting date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

23. I have reviewed the performance information as set out on pages 11 to 38.

The accounting officer's responsibility for the performance information

24. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

The Auditor-General's responsibility

25. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
26. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
27. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

Lack of effective, efficient and transparent systems and internal controls regarding performance management

28. The accounting officer did not ensure that the DPW has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the institution's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed, as required in terms of section 38(1)(a)(i) and (b) of the PFMA. This resulted in complicated and misaligned reports.

Usefulness and reliability of reported performance information

29. The following criteria were used to assess the usefulness and reliability of the information on the department's performance with respect to the objectives in its strategic plan:
- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
 - Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
 - Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit findings relate to the above criteria:

Reported performance information not relevant

30. The following targets with regard to the provision of land and accommodation, and national Public Works programmes were not:
- specific in clearly identifying the nature and the required level of performance
 - measurable in identifying the required performance
 - time bound in specifying the time period or deadline for delivery.

The following serve as example:

Sub-programmes	Pre-determined objective	Indicator	Target
Asset Management	Provide efficient and effective strategic asset management	List of identified assets (through amnesty, call centre and adverts)	Identify lost assets
	Additional activities undertaken by PP&M in alignment with GIAMA	100% complete	Asset data specification document
Operations Management	Improving service delivery	Timeous delivery of client accommodation	Ongoing
	Good corporate governance	Buildings that comply with OHASA	200 buildings
Inner City Regeneration (Re Kgabisa Tshwane)	Integrate the RKTP with the Inner-City Development Strategy and contribute to urban renewal	Project: 38 Church Square: Design and refurbishment	Completion of user requirements

Sub-programmes	Pre-determined objective	Indicator	Target
Expanded Public Works Programme	Job creation	Staff turnover	10%?
	Positive EPWP public profile	Net rand value of positive media coverage	20% increase in the geographic representivity of awareness
	EPWP performance evaluation and action plan to improve qualitative performance	Good quality evaluation studies completed in terms of M&E framework	As per framework
	Enhance provincial EPWP delivery capacity	No. of social sector facilities utilised	To be determined
Construction Industry Development Programme and Property Industry Development Programme(Reported under Policy, strategy, monitoring and evaluation)	Transformation and regulation of the property industries to ensure economic growth and development	Comprehensive analysis reflecting DPW interventions	Research reports accepted by management

Reported performance information not reliable

Lack of source documentation

31. Sufficient appropriate audit evidence in relation to the reported performance information of the programmes listed below could not be obtained, as the relevant source documentation could not be provided for audit purposes.

Programme	Objective	Actual performance
Provision of Land and Accommodation	Integrate the RKTP with the Inner-City Development Strategy and contribute to urban renewal	10 option analyses previously completed: GPW, GCIS, DME, STATSSA, SAPS, DAC, DOJ, NT, DHA & DOT
Provision of Land and Accommodation	Implementation of EPWP	Blmft = 79 beneficiaries recruited, CT = 147 beneficiaries appointed, Durban = 27 learners to Coastal FET, Jhb = 50 learners placed and 72 to FET colleges, Kimb = 5 projects awarded, Mmab = 137 placed and 99 went through life skills training, Mthatha = 117 beneficiaries, Nelspruit = 108 beneficiaries, Polokw = 113 artisans, PE = 855 beneficiaries +73 jobs through EPWP general, Pta = 189 beneficiaries received training
National Public Works Programme	Job creation	During the period under review approximately 8 993 000 people were reported as having heard of EPWP. This shows an improvement as compared to the statistics reported in March 2007 when, the figure amounted to 8 948 000. The variance amounts to 45 000
National Public Works Programme	Transformation and regulation of the property industries to ensure economic growth and development	LA Board is functioning well and there is no backlog of submissions. Three meetings were held and 37 submissions, pertaining to 65 properties, served before the board during Oct - Dec 2008
National Public Works Programme	Transformation and regulation of the property industries to ensure economic growth and development	Implementation reports submitted to PIP sub-technical committee

Reported performance information changed during the printing process

32. The format of the performance information presented for audit was changed during the printing process and as a result the reported performance information was not audited.

APPRECIATION

33. The assistance rendered by the staff of the national Department of Public Works during the audit is sincerely appreciated.

Auditor - General

Pretoria

11 September 2009



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Appropriation per programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
APPROPRIATION STATEMENT	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	733,377	-	-	733,377	782,215	(48,838)	106.7%	718,192	718,197
Transfers and subsidies	1,100	-	-	1,100	452	648	41,1%	1,100	496
Payment for capital assets	7,471	-	4,194	11,665	11,665		100.0%	16,767	15,031
2. Provision of Land and Accommodation									
Current payment	711,797	-	(6,202)	705,595	705,594	1	100.0%	601,634	601,634
Transfers and subsidies	1,419,426	-	1,028	1,420,454	1,420,454	-	100.0%	1,314,621	1,314,620
Payment for capital assets	1,169,455	-	(5,298)	1,164,157	1,013,002	151,155	87.0%	861,615	505,579
3. National Public Works Programme									
Current payment	165,070	-	-	165,070	165,070	-	100.0%	147,114	156,767
Transfers and subsidies	68,177	-	22	68,199	68,199	-	100.0%	73,830	73,830
Payment for capital assets	266	-	1,104	1,370	1,370	-	100.0%	1,760	675
4. Auxiliary And Associated Services									
Current payment	1,851	-	(1,018)	833	133	700	16.0%	240	202
Transfers and subsidies	24,002	-	(1,050)	22,952	21,613	1,339	94.2%	22,591	15,252
5. Special Functions (Theft & Losses)									
Current payment	-	-	7,220	7,220	7,220	-	100%	-	-
SUB TOTAL	4,301,992			4,301,992	4,196,987	105,005	97.6%	3,759,464	3,402,283

**APPROPRIATION STATEMENT
for the year ended 31 March 2009**

2008/09		2007/08		
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	28,510		95,819	
Actual amounts per statement of financial performance (total revenue)	4,330,502		3,855,283	
Actual amounts per statement of financial performance (total expenditure)		4,196,987		3,402,283

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Appropriation per economic classification										
	2008/09					2007/08				
	Adjusted Appropriation	Shifting Of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	828,261	40,000	-	868,261	917,099	(48,838)	105.6%	746,438	746,436	
Goods and services	783,834	(40,000)	(7,220)	736,614	735,914	700	99.9%	720,742	730,363	
Interest and rent on land	-	-	-	-	-	-	-	-	1	
Financial transactions in assets and liabilities	-	-	7,220	7,220	7,220	-	100%	-	-	
Transfers and subsidies										
Provinces and municipalities	889,325	1	4	889,330	889,330	-	100.0%	836,572	836,573	
Departmental agencies and accounts	604,634	-	-	604,634	604,121	513	99.9%	557,809	552,248	
Foreign governments and international organisations	15,545	-	(1,050)	14,495	13,669	826	94.3%	14,612	12,701	
Public corporations and private enterprises	50	(1)	53	102	53	49	52.0%	50	-	
Households	3,151	-	993	4,144	3,545	599	85.5%	3,099	2,676	
Payments for capital assets										
Buildings and other fixed structures	1,155,019	(10,192)	(5,298)	1,139,529	988,373	151,156	86.7%	843,044	487,964	
Machinery and equipment	17,173	15,050	5,298	37,521	37,521	-	100.0%	32,958	28,939	
Software and other intangible assets	5,000	(4,858)	-	142	142	-	100.0%	4,140	4,382	
Total	4,301,992	-	-	4,301,992	4,196,987	105,005	97.6%	3,759,464	3,402,283	

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Detail per sub-programme 1	2008/09					2007/08			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	1,019	1,517	-	2,536	2,536	-	100.0%	972	972
1.2 Deputy Minister									
Current payment	790	517	-	1,307	1,307	-	100.0%	705	705
1.3 Management									
Current payment	132,351	(24,147)	-	108,204	157,042	(48,838)	145.1%	91,470	91,475
Transfers and subsidies	50	-	-	50	1	49	2.0%	144	144
Payment for capital assets	1,200	-	1,170	2,370	2,370	-	100.0%	1,513	1,101
1.4 Corporate Services									
Current payment	313,037	90,922	-	403,959	403,959	-	100.0%	348,078	348,078
Transfers and subsidies	1,050	-	-	1,050	451	599	43.0%	956	352
Payment for capital assets	6,271	-	3,024	9,295	9,295	-	100.0%	15,254	13,930
1.5 Property Management									
Current payment	286,180	(68,809)	-	217,371	217,371	--	100.0%	276,967	276,967
Total	741,948	-	4,194	746,142	794,332	(48,190)	106.5%	736,059	733,724

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Programme 1 Per Economic classification	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	228,236	1,981	-	230,217	279,055	(48,838)	121.2%	209,091	209,090
Goods and services	505,141	(1,981)	-	503,160	503,160	-	100.0%	509,101	509,106
Interest and rent on land	-	-	-	-	-	-	-	-	1
Transfers and subsidies									
Provinces and municipalities	-	1	-	1	1	-	100.0%	-	1
Public corporations and private enterprises	50	(1)	-	49	-	49	-	50	-
Households	1,050	-	-	1,050	451	599	43.0%	1,050	495
Payments for capital assets									
Machinery and equipment	2,471	5,000	4,194	11,665	11,665	-	100.0%	12,767	10,789
Software and other intangible assets	5,000	(5,000)	-	-	-	-	-	4,000	4,242
Total	741,948	-	4,194	746,142	794,332	(48,190)	106.5%	736,059	733,724

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Detail per sub-programme 2	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Infrastructure (public Works)									
Payment for capital assets	1,155,019	(10,193)	(5,298)	1,139,528	988,373	151,155	86.7%	843,044	487,964
2.2 Property management									
Current payment	446,531	108,362	-	554,893	554,893	-	100.0%	352,557	352,557
Transfers and subsidies	890,926	-	1,204	892,130	892,130	-	100.0%	838,048	838,048
Payment for capital assets	12,551	10,194	-	22,745	22,745	-	100.0%	16,318	15,362
2.3 Asset Management									
Current payment	265,266	(108,362)	(6,202)	150,702	150,701	1	100.0%	249,077	249,077
Transfers and subsidies	500	-	(176)	324	324	-	100.0%	573	572
Payment for capital assets	1,885	(1)	-	1,884	1,884	-	100.0%	2,253	2,253
2.4 Augmentation of The Property Management Trading Entity									
Transfers and subsidies	528,000	-	-	528,000	528,000	-	100.0%	476,000	476,000
Total	3,300,678	-	(10,472)	3,290,206	3,139,050	151,156	95.4%	2,777,870	2,421,833

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Programme 2 Per Economic classification	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	561,585	18,794	-	580,379	580,379	-	100.0%	495,989	495,988
Goods and services	150,212	(18,794)	(6,202)	125,216	125,216	-	100.0%	105,646	105,646
Transfers and subsidies									
Provinces and municipalities	889,325	-	4	889,329	889,329	-	100.0%	836,572	836,572
Departmental agencies and accounts	528,000	-	-	528,000	528,000	-	100.0%	476,000	476,000
Public corporations and private enterprises	-	-	33	33	33	-	100.0%	-	-
Households	2,101	-	991	3,092	3,092	-	100.0%	2,048	2,048
Payments for capital assets									
Buildings and other fixed structures	1,155,019	(10,192)	(5,298)	1,139,529	988,373	151,156	86.7%	843,044	487,964
Machinery and equipment	14,436	10,050	-	24,486	24,486	-	100.0%	18,441	17,485
Software and other intangible assets	-	142	-	142	142	-	100.0%	130	130
Total	3,300,678	-	(10,472)	3,290,206	3,139,050	151,156	95.4%	2,777,870	2,421,833

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Detail per sub-programme 3	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Construction Industry Development programme									
Current payment	29,651	(9,043)	-	20,608	20,608	-	100.0%	30,588	30,403
Transfers and subsidies	68,177	-	22	68,199	68,199	-	100.0%	73,830	73,830
Payment for capital assets	50	-	52	102	102	-	100.0%	250	77
3.2 Expanded Public Works Programme									
Current payment	125,331	6,558	-	131,889	131,889	-	100.0%	116,154	125,999
Payment for capital assets	150	-	999	1,149	1,149	-	100.0%	1,503	591
3.3 Property Industry Development Programme									
Current payment	10,088	2,485	-	12,573	12,573	-	100.0%	372	365
Payment for capital assets	66	-	53	119	119	-	100.0%	7	7
Total	233,513	-	1,126	234,639	234,639	-	100.0%	222,704	231,272

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Programme 3 Per Economic classification	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	38,440	19,225	-	57,665	57,665	-	100.0%	41,358	41,358
Goods and services	126,630	(19,225)	-	107,405	107,405	-	100.0%	105,756	115,409
Transfers and subsidies									
Departmental agencies and accounts	68,177	-	-	68,177	68,177	-	100.0%	73,830	73,830
Public corporations and private enterprises	-	-	20	20	20	-	100.0%	-	-
Households	-	-	2	2	2	-	100.0%	-	-
Payments for capital assets									
Machinery and equipment	266	-	1,104	1,370	1,370	-	100.0%	1,750	665
Software and other intangible assets	-	-	-	-	-	-	-	10	10
Total	233,513	-	1,126	234,639	234,639	-	100.0%	222,704	231,272

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Detail per sub-programme 4	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Compensation for Losses									
Current payment	1,748	(32)	(1,018)	698	-	698	-	36	-
Transfers and subsidies	-	-	-	-	-	-	-	134	134
4.2 Distress Relief									
Current payment	1	-	-	1	-	1	-	1	-
4.3 Loskop Settlement									
Current payment	1	-	-	1	-	1	-	1	-
4.4 Assistance to Organisations for Preservation of National Memorials									
Transfers and subsidies	15,454	-	(1,050)	14,404	13,669	735	94.9%	14,563	12,700
4.5 Parliamentary Villages Management Board									
Transfers and subsidies	6,337	-	-	6,337	6,337	-	100.0%	6,035	2,418
4.6 State Functions									
Current payment	101	32	-	133	133	-	100.0%	202	202
Transfers and subsidies	-	-	-	-	-	-	-	1,859	-
4.7 Sectoral Education and Training Authority									
Transfers and subsidies	2,211	-	-	2,211	1,607	604	72.7%	-	-
Total	25,853	-	(2,068)	23,785	21,746	2,039	91.4%	22,831	15,454

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Programme 4 Per Economic classification	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Goods and services	1,851	-	(1,018)	833	133	700	16.0%	239	202
Transfers and subsidies									
Departmental agencies and accounts	8,457	-	-	8,457	7,944	513	93.9%	7,979	2,418
Foreign governments and international organisations	15,545	-	(1,050)	14,495	13,669	826	94.3%	14,612	12,701
Households	-	-	-	-	-	-	-	1	133
Total	25,853	-	(2,068)	23,785	21,746	2,039	91.4%	22,831	15,454

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Detail per sub-programme 5	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Theft and Losses									
Current payment	-	-	7,220	7,220	7,220	-	100%	-	-
Total	-	-	7,220	7,220	7,220	-	100%	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2009

Programme 5 Per Economic classification	2008/09						2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Financial transactions in assets and liabilities	-	-	7,220	7,220	7,220	-	100%	-	-
Total	-	-	7,220	7,220	7,220	-	100%	-	-

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2009**

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1 (A-G) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Administration	746,142	794,332	(48,190)	(6.5)%
Explanation of variance: Over spending is due to Compensation of Employees with a variance of 6,5%				
Provision of Land and Accommodation	3,290,206	3,139,050	151,156	5%
Explanation of variance:				
National public works Programme	234,639	234,639	-	0%
Auxiliary and Associated Services	23,785	21,746	2,039	9%
Explanation of variance:				
Special Programme	7,220	7,220	-	0%

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2009**

4.2 Per Economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments:				
Compensation of employees	868,261	917,099	(48,838)	(5,62%)
Goods and services	736,614	735,914	700	0.10%
Financial transactions in assets and liabilities	7,220	7,220	-	0.00%
Transfers and subsidies:				
Provinces and municipalities	889,330	889,330	-	0.00%
Departmental agencies and accounts	604,634	604,121	513	0.08%
Public corporations and private enterprises	102	53	49	48.04%
Foreign governments and international organisations	14,495	13,669	826	5.7%
Households	4,144	3,545	599	14.45%
Payments for capital assets:				
Buildings and other fixed structures	1,139,529	988,373	151,156	13.26%
Machinery and equipment	37,521	37,521	-	0.00%
Software and other intangible assets	142	142	-	0.00%

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
REVENUE			
Annual appropriation	<u>1</u>	4,301,992	3,759,464
Departmental revenue	<u>2</u>	28,510	95,819
TOTAL REVENUE		4,330,502	3,855,283
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>3</u>	917,105	746,436
Goods and services	<u>4</u>	740,067	730,363
Interest and rent on land	<u>5</u>	-	1
Financial transactions in assets and liabilities	<u>6</u>	7,220	-
Total current expenditure		1,664,392	1,476,800
Transfers and subsidies		1,510,718	1,404,198
Transfers and subsidies	<u>7</u>	1,510,718	1,404,198
Expenditure for capital assets			
Tangible capital assets	<u>8</u>	1,021,735	516,903
Software and other intangible assets	<u>8</u>	142	4,382
Total expenditure for capital assets		1,021,877	521,285
TOTAL EXPENDITURE		4,196,987	3,402,283
SURPLUS/(DEFICIT) FOR THE YEAR		133,515	453,000
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		105,005	357,181
Departmental revenue	<u>15</u>	28,510	95,819
SURPLUS/(DEFICIT) FOR THE YEAR		133,515	453,000

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
ASSETS			
Current assets		522,315	662,965
Unauthorised expenditure	<u>9</u>	105,476	314,083
Fruitless and wasteful expenditure	<u>10</u>	30,700	37,916
Cash and cash equivalents	<u>11</u>	180,649	163,818
Prepayments and advances	<u>12</u>	5,068	4,633
Receivables	<u>13</u>	200,422	142,515
TOTAL ASSETS		522,315	662,965
LIABILITIES			
Current liabilities		519,553	662,965
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	153,845	366,835
Departmental revenue to be surrendered to the Revenue Fund	<u>15</u>	1,691	2,896
Payables	<u>16</u>	364,017	293,234
TOTAL LIABILITIES		519,553	662,965
NET ASSETS		2,762	-
Represented by:			
Recoverable revenue		2,762	-
TOTAL		2,762	-

CASH FLOW STATEMENT
for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		4,329,562	3,787,618
Annual appropriated funds received	<u>1.1</u>	4,301,992	3,759,464
Departmental revenue received	<u>2</u>	27,570	28,154
Net (increase)/decrease in working capital		277,104	134,568
Surrendered to Revenue Fund		(396,550)	(193,607)
Current payments		(1,664,392)	(1,476,800)
Transfers and subsidies paid		(1,510,718)	(1,404,198)
Net cash flow available from operating activities	<u>17</u>	1,035,006	847,581
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(1,021,877)	(521,285)
Proceeds from sale of capital assets	<u>2.4</u>	940	67,665
Net cash flows from investing activities		(1,020,937)	(453,620)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		2,762	-
Net cash flows from financing activities		2,762	-
Net increase/(decrease) in cash and cash equivalents		16,831	393,961
Cash and cash equivalents at the beginning of the period		163,818	(230,143)
Cash and cash equivalents at end of period	<u>11</u>	180,649	163,818

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The PMTE received an exemption from the Office of the Accountant General to prepare financial statements on a modified cash basis of accounting instead of accrual basis of accounting. The exemption was granted on the basis of immovable assets which DPW is in a process of vesting and valuation of all immovable properties. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 Statutory Appropriation

Statutory appropriations are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the statutory appropriations made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total statutory appropriations are presented in the Statement of Financial Performance.

Unexpended statutory appropriations are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.3 Departmental revenue

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.3.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the Statement of Financial Performance when received.

2.3.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.3.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

2.3.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

2.3.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.3.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

2.3.7 Transfers received (including gifts, donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the financial statements.

2.4 Direct Exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received.

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the Statement of Financial Performance.

Inappropriately expensed amounts using CARA funds and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the Statement of Financial Performance¹.

All other payments are classified as current expense.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.1.2 Post retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

¹ This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects



3.1.3 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All **other losses** are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost..

4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.



4.8 Capital assets

4.8.1 Movable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

4.8.2 Immovable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset”. On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national department of public works.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

5. Liabilities

5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

5.3 Direct Exchequer receipts to be surrendered to the Revenue Fund

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

Amounts received must be surrendered to the relevant revenue fund on receipt thereof. Any amount not surrendered at year end is reflected as a current payable in the Statement of Financial Position.

5.4 Bank overdraft

The bank overdraft is carried in the Statement of Financial Position at cost.

5.5 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

5.6 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements.

5.7 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.8 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.9 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

5.10 Lease commitments

Lease commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Programmes	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received 2007/08 R'000
Administration	746,142	746,142	-	736,059
Provision of Land and Accommodation	3,290,206	3,290,206	-	2,777,870
National Public Works Programme	234,639	234,639	-	222,704
Auxiliary and Associated services	23,785	23,785	-	22,831
Special functions (Thefts and losses)	7,220	7,220	-	-
Total	4,301,992	4,301,992	-	3,759,464

2. Departmental revenue

	Note	2008/09 R'000	2007/08 R'000
Sales of goods and services other than capital assets	<u>2.1</u>	24,635	20,954
Fines, penalties and forfeits	<u>2.2</u>	1	2
Interest, dividends and rent on land	<u>2.3</u>	552	572
Sales of capital assets	<u>2.4</u>	940	67,665
Financial transactions in assets and liabilities	<u>2.5</u>	2,382	6,626
Departmental revenue collected		28,510	95,819

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department		24,614	20,505
Sales by market establishment		368	18,328
Administrative fees		-	7
Other sales		24,246	2,170
Sales of scrap, waste and other used current goods		21	449
Total	2	24,635	20,954

2.2 Fines, penalties and forfeits

Fines	2	1	2
Total		1	2

2.3 Interest, dividends and rent on land

	Note 2	2008/09 R'000	2007/08 R'000
Interest		549	569
Rent on land		3	3
Total		552	572

2.4 Sale of capital assets

	2		
Tangible capital assets		940	67,665
Buildings and other fixed structures	32.2	940	67,665
Total		940	67,665

2.5 Financial transactions in assets and liabilities

	2		
Receivables		351	319
Other Receipts including Recoverable Revenue		2,031	6,307
Total		2,382	6,626

3. Compensation of employees
3.1 Salaries and Wages

Basic salary	631,029	501,053
Performance award	15,307	32,110
Service Based	4,047	1,789
Compensative/circumstantial	13,456	11,936
Periodic payments	2,600	1,983
Other non-pensionable allowances	132,826	104,044
Total	799,265	652,915

3.2 Social contributions

Employer contributions		
Pension	76,555	62,117
Medical	41,117	31,253
Bargaining council	168	151
Total	117,840	93,521

Total compensation of employees	917,105	746,436
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Average number of employees	5,429	5,479
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4. Goods and services

	Note	2008/09 R'000	2007/08 R'000
Administrative fees		555	2,147
Advertising		44,545	39,662
Assets less than R5,000	<u>4.1</u>	13,407	17,865
Bursaries (employees)		5,824	2,277
Catering		3,687	1,432
Communication		33,024	28,790
Computer services	<u>4.2</u>	30,254	33,480
Consultants, contractors and agency/outsourced services	<u>4.3</u>	144,993	139,806
Entertainment		1,064	1,675
Audit cost – external	<u>4.4</u>	33,225	18,905
Government motor transport		127	
Inventory	<u>4.5</u>	31,906	25,225
Operating leases		172,927	187,371
Owned and leasehold property expenditure	<u>4.6</u>	80,477	112,319
Transport provided as part of the departmental activities		31	2,463
Travel and subsistence	<u>4.7</u>	100,468	89,935
Venues and facilities		29,421	739
Training and staff development		6,359	15,726
Other operating expenditure	<u>4.8</u>	7,773	10,546
Total		740,067	730,363
4.1 Assets less than R5,000			
	4		
Tangible assets		13,406	17,818
Machinery and equipment		13,406	17,818
Intangible assets		1	47
Total		13,407	17,865
4.2 Computer services			
	4		
SITA computer services		2,650	10,425
External computer service providers		27,604	23,055
Total		30,254	33,480
4.3 Consultants, contractors and agency/outsourced services.			
	4		
Business and advisory services		16,822	65,797
Infrastructure and planning		14,322	41,142
Laboratory services		6	-
Legal costs		8,157	3,405
Contractors		16,789	6,183
Agency and support/outsourced services		88,897	23,279
Total		144,993	139,806

4.4 Audit cost – External

	Note 4	2008/09 R'000	2007/08 R'000
Regularity audits		33,105	18,111
Forensic audits		120	794
Total		33,225	18,905

4.5 Inventory

	4		
Learning and teaching support material		541	84
Food and food supplies		35	3
Fuel, oil and gas		8,470	4,345
Other consumable materials		9,846	9,137
Maintenance material		604	925
Stationery and printing		12,400	10,694
Medical supplies		10	37
Total		31,906	25,225

4.6 Owned and leasehold property expenditure

	4		
Municipal services		75,704	104,296
Other		4,773	8,023
Total		80,477	112,319

4.7 Travel and subsistence

	4		
Local		99,058	88,957
Foreign		1,410	978
Total		100,468	89,935

4.8 Other operating expenditure

	4		
Learnerships		193	4,703
Professional bodies, membership and subscription fees		844	454
Resettlement costs		4,017	3,317
Other		2,719	2,072
Total		7,773	10,546

5 Interest and rent on land

Interest paid		-	1
Total		-	1

6. Financial transactions in assets and liabilities

	Note	2008/09 R'000	2007/08 R'000
Other Material Losses written off	<u>6.1</u>	7,214	-
Debts written off	<u>6.2</u>	6	-
Total		7,220	-
6.1 Other material losses written off			
	6		
Nature of losses			
Fruitless expenditure written off-relating to prior years		7,214	-
Total		7,214	-
6.2 Debts written off			
	6		
Debts written off relating to irregular expenditure			
Compensation for losses		6	-
Total		6	-
7. Transfers and subsidies			
Provinces and municipalities	Annex 1A,1B,1C	889,329	836,573
Departmental agencies and accounts	Annex 1D	604,122	552,248
Foreign governments and international organisations	Annex 1F	13,669	12,701
Public corporations and private enterprises	Annex 1E	53	2,676
Households	Annex 1G	3,545	-
Total		1,510,718	1,404,198
8. Expenditure for capital assets			
Tangible assets		1,021,735	516,903
Buildings and other fixed structures	<u>32.1</u>	988,374	487,964
Heritage assets	<u>30.1</u>	367	-
Machinery and equipment	<u>30.1</u>	32,994	28,939
Software and other intangible assets		142	4,382
Computer software	<u>31.1</u>	142	4,382
Total		1,021,877	521,285

8.1 Analysis of funds utilised to acquire capital assets – 2008/09

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	1,021,735		1,021,735
Buildings and other fixed structures	988,374	-	988,374
Machinery and equipment	32,994	-	32,994
Land and subsoil assets	367	-	367
Software and other intangible assets	142		142
Computer software	142	-	142
Total	1,021,877	-	1,021,877

8.2 Analysis of funds utilised to acquire capital assets – 2007/08

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Total assets acquired	521,285	-	521,285

9. Unauthorised expenditure
9.1 Reconciliation of unauthorised expenditure

	Note	2008/09	2007/08
		R'000	R'000
Opening balance		314,083	345,474
Unauthorised expenditure – discovered in current year	14	48,840	9,653
Less: Amounts approved by Parliament/Legislature (with funding)		(257,447)	(41,044)
Unauthorised expenditure awaiting authorisation		105,476	314,083
Analysis of awaiting authorisation per economic classification			
Current		105,476	314,083
Total		105,476	314,083

9.2 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2008/09
		R'000
Overspending on compensation of employees	Still under investigation	48,840
Total		48,840

Included in the balance of R105m is an amount R7m for irregular expenditure which is classified under unauthorised expenditure due to the limitation of separate classification of irregular expenditure.

The department is in a process of clearing R7m. The Finance Act of 2008 approved an amount of R299m, whereas the department received an amount of R257m from National Treasury as per the approval in the aforementioned Act. The remaining balance of R42m was received in April 2009 and was cleared in April 2009.

10. Fruitless and wasteful expenditure
10.1 Reconciliation of fruitless and wasteful expenditure

	Note	2008/09 R'000	2007/08 R'000
Opening balance		37,916	37,980
Add: Fruitless and Wasteful expenditure-current year		-	5
Current expenditure		-	5
Less: Amounts condoned		(7,216)	(69)
Current		(7,216)	(69)
Less: Amounts transferred to receivables for recovery			
Fruitless and wasteful expenditure awaiting condonement		30,700	37,916
Analysis of awaiting condonement per economic classification			
Current		30,700	37,916
Total		30,700	37,916

11. Cash and cash equivalents

Consolidated Paymaster General Account		180,489	272,049
Cash receipts		(2)	-
Disbursements		(37)	(108,390)
Cash on hand		199	159
Total		180,649	163,818

12. Prepayments and advances

Staff advances		25	27
Travel and subsistence		867	430
Prepayments		4,176	4,176
Total		5,068	4,633

13. Receivables

		2008/09				2007/08
	Note	R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	13.1 Annex 3	337	22,007	96,220	118,564	96,901
Recoverable expenditure	13.2	49,461	9,509	16,370	75,340	41,810
Staff debt	13.3	(1,966)	634	7,850	6,518	3,804
Total		47,832	32,150	120,440	200,422	142,515

Included in the amount of R118m for claims recoverable is an amount of R67m which is reported as doubtful debts refer disclosure note 39. The amount relates to a project which was done on behalf of Environmental Marine Entity.

13.1 Claims recoverable

	Note 13	2008/09 R'000	2007/08 R'000
National departments		118,517	96,901
Provincial departments		47	-
Total		118,564	96,901

13.2 Recoverable expenditure (disallowance accounts)

	13	2008/09	2007/08
Disallowance		72,223	39,405
Private telephone		-	20
Salary Accounts		3,117	2,385
Total		75,340	41,810

13.3 Staff debt

	13	2008/09	2007/08
Personal debt		6,518	3,804
Total		6,518	3,804

14. Voted funds to be surrendered to the Revenue Fund

Opening balance		366,835	90,974
Transfer from statement of financial performance		105,005	357,181
Add: Unauthorised expenditure for current year	9	48,840	9,654
Paid during the year		(366,835)	(90,974)
Closing balance		153,845	366,835

15. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		2,896	9,710
Transfer from Statement of Financial Performance		28,510	95,819
Paid during the year		(29,715)	(102,633)
Closing balance		1,691	2,896

16. Payables – current

Amounts owing to other entities	Annex 4		
Advances received	<u>16.1</u>	335,709	266,131
Clearing accounts	<u>16.2</u>	2,863	1,341
Other payables	<u>16.3</u>	25,445	25,762
Total		364,017	293,234

16.1 Advances received

	16	2008/09	2007/08
National departments		312,146	250,451
Public Entities		23,563	15,680
Total		335,709	266,131

16.2 Clearing accounts

	Note 16	2008/09 R'000	2007/08 R'000
Salary Clearing Account		2,863	1,341
Total		2,863	1,341

16.3 Other payables

	16		
Claims and other payables		10,222	10,358
EBT Rejection		-	2,568
Cancel Cheque/Reissue		-	2
Tender deposit		15,222	11,162
Private telephone		1	-
Telephone			1,672
Total		25,445	25,762

17. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	133,515	453,000
Add back non cash/cash movements not deemed operating activities	901,491	394,581
(Increase)/decrease in receivables – current	(57,907)	(37,083)
(Increase)/decrease in prepayments and advances	(435)	81
(Increase)/decrease in other current assets	264,663	41,109
Increase/(decrease) in payables – current	70,783	130,460
Proceeds from sale of capital assets	(940)	(67,664)
Expenditure on capital assets	1,021,877	521,285
Surrenders to Revenue Fund	(396,550)	(193,607)
Net cash flow generated by operating activities	1,035,006	847,581

18. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	180,489	272,049
Cash receipts	(2)	-
Disbursements	(37)	(108,390)
Cash on hand	199	159
Total	180,649	163,818

DISCLOSURE NOTES FOR THE YEAR ENDED 31 MARCH 2009

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

19. Contingent liabilities

Liable to	Nature	Note	2008/09 R'000	2007/08 R'000
Motor vehicle guarantees	Employees	Annex 2A	979	-
Housing loan guarantees	Employees	Annex 2A	3,397	5,279
Claims against the department		Annex 2B	55,300	81,761
Other departments(interdepartmental unconfirmed balances)		Annex 4	6,132	-
Total			65,808	87,040

20. Commitments
Current expenditure

Approved and contracted	6,724	11,501
Approved but not yet contracted	1,766	-
	8,490	11,501

Capital expenditure

Approved and contracted	2,803	2,961
Approved but not yet contracted	145	-
	2,948	2,961

Total Commitments

	11,438	14,462
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21. Accruals
Listed by economic classification

	30 Days	30+ Days	Total	Total
Compensation of employees	204	2	206	154
Goods and services	10,810	9,705	20,515	50,026
Machinery and equipment	763	176	939	975
Software and other intangible assets	-	-	-	311
Total	11,777	9,883	21,660	51,466

Listed by programme level

Programme 1	11,454	18,885
Programme 2	7,280	24,764
Programme 3	2,340	7,815
Programme 4	586	2
Total	21,660	51,466

Confirmed balances with departments

Annex 4	226,234	-
Total	226,234	-

22. Employee benefits

Leave entitlement	29,945	31,054
Thirteenth cheque	24,575	20,632
Capped leave commitments	62,393	59,735
Total	116,913	111,421

23. Lease commitments
23.1 Finance leases expenditure**

	Land	Buildings and other fixed structures	Machinery and equipment	Total
2008/09				
Not later than 1 year	-	-	11,161	11,161
Later than 1 year and not later than 5 years	-	-	16,931	16,931
Total lease commitments	-	-	28,092	28,092
LESS: finance costs	-	-	7,596	7,596
Total present value of lease liabilities			20,496	20,496
2007/08				
Not later than 1 year	-	-	6,151	6,151
Later than 1 year and not later than 5 years	-	-	5,525	5,525
Later than five years	-	-	396	396
Total lease commitments	-	-	12,072	12,072
LESS: finance costs	-	-	-	-
Total present value of lease liabilities	-	-	12,072	12,072

Included in Machinery & Equipment is an amount of R9m for leased vehicles and finance cost of R7m

24. Receivables for departmental revenue

	Note	2008/09 R'000	2007/08 R'000
Other		5,652	5,618
Total		5,652	5,618

Other represents rental debtors owed by private tenants and members of parliament (including ministers). The prior year amount was for private tenants only. An amount of R5,6m includes the amount of R5,4m (private tenants) and R.5m (MPs).

24.1 Analysis of receivables for departmental revenue

Opening balance	5,618
Less: amounts received	477
Add: amounts recognised	511
Closing balance	5,652

25. Irregular expenditure
25.1 Reconciliation of irregular expenditure

Opening balance	39,008	39,008
Less: Amounts condoned	(35,601)	-
Irregular expenditure awaiting condonation	3,407	39,008

Included in the amount of R39m, is an amount of R35,5m which was treated as Unauthorised Expenditure and it was approved with funding as per Finance Act 2007. The aforementioned amount occurred in two financial years: 1998/99 (R5m) and 1999/00 (R30.5m).

26. Fruitless and wasteful expenditure
26.1 Reconciliation of fruitless and wasteful expenditure

	Note	2008/09 R'000
Fruitless and wasteful expenditure – relating to prior year		37,916
Less: Amounts condoned		(7,216)
Fruitless and wasteful expenditure awaiting condonement		30,700

Analysis of awaiting condonement per economic classification

Current		30,700
Total		30,700

27. Related party transactions
Payments made

Goods and services	8,040	-
Transfers	50	-
Total	8,090	-

28. Key management personnel

	No. of Individuals		
Political office bearers (provide detail below)	3	4,613	2,865
Officials:			
Level 15 to 16	11	8,257	5,805
Level 14 (incl. CFO if at a lower level)	40	26,529	14,988
Total		39,399	23,658

29. Provisions

Potential irrecoverable debts			
Private enterprises		4,571	-
Staff debtors		629	-
Claims recoverable		67,021	-
Total		72,221	-

30. Movable tangible capital assets**Movement in movable tangible capital assets per asset register for the year ended 31 March 2009**

	Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Heritage assets	-	-	367	-	367
Heritage assets	-	-	367	-	367
Machinery and equipment	188,622		32,994	62	221,554
Transport assets	1,767	-	-	-	1,767
Computer equipment	61,971	-	14,717	-	76,688
Furniture and office equipment	107,001	-	13,754	62	120,693
Other machinery and equipment	17,883	-	4,523	-	22,406
Total movable tangible capital assets	188,622	-	33,361	62	221,921

30.1 Additions**Additions to movable tangible capital assets per asset register for the year ended 31 March 2009**

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (paid current, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Heritage assets	367	-	-	-	367
Heritage assets	367	-	-	-	367
Machinery and equipment	32,994	-	-	-	32,994
Transport assets					
Computer equipment	14,717	-	-	-	14,717
Furniture and office equipment	13,754	-	-	-	13,754
Other machinery and equipment	4,523	-	-	-	4,523
Total additions to movable tangible capital assets	33,361	-	-	-	33,361

30.2 Disposals for 2008/09

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2009

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
Machinery and equipment	62		62	62
Furniture and office equipment	62	-	62	62
Total disposal of movable tangible capital assets	62	-	62	62

30.3 Movement for 2007/08

Movement in movable tangible capital assets per asset register for the year ended 31 March 2008

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Machinery and equipment	152,848	38,282	2,508	188,622
Transport assets	1,829	-	62	1,767
Computer equipment	52,515	10,205	749	61,971
Furniture and office equipment	83,731	24,370	1,100	107,001
Other machinery and equipment	14,773	3,707	597	17,883
Total movable tangible assets	152,848	38,282	2,508	188,622

30.4 Minor Assets

Minor assets of the department for the year 31 March 2009

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets	1	-	26,877	-	26,878
Total	1	-	26,877	-	26,878

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets	-	-	19,324	-	19,324
Total	-	-	19,324	-	19,324

31. Intangible capital assets**Movement in intangible capital assets per asset register for the year ended 31 March 2009**

	Opening balance R'000	Curr year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	32,341	40,374	142	-	72,857
Total intangible capital assets	32,341	40,374	142	-	72,857

31.1 Additions**Additions to intangible capital assets per asset register for the year ended 31 March 2009**

	Cash R'000	Non-cash R'000	(Development work-in- progress current costs) R'000	Received current, not paid (paid current, received prior year) R'000	Total R'000
Computer software	142	-	-	-	142
Total additions to intangible capital assets	142	-	-	-	142

31.2 Movement for 2007/08**Movement in intangible capital assets per asset register for the year ended 31 March 2008**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	27,959	4,382	-	32,341
Total	27,959	4,382	-	32,341

32. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2009

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	2,580,913	291,667	2,409,648	-	5,282,228
Dwellings	302,338	-	286,821	-	589,159
Non-residential buildings	2,278,474	291,667	2,122,827	-	4,692,968
Other fixed structures	101	-	-	-	101
Heritage assets	2,743	-	-	-	2,743
Heritage assets	2,743	-	-	-	2,743
Land and subsoil assets	-	-	48,037	-	48,037
Land	-	-	48,037	-	48,037
Total immovable tangible capital assets	2,583,656	291,667	2,457,685	-	5,333,008

Narrative on status quo of the Asset Register (AR)

- DPW's Asset Register (AR) comprises of 31 987 land parcels and 106 713 structures deemed to be immovable assets of the National Government under the custodianship of DPW as at 31 March 2009. The difference in figures provided in Table A below results from continuous update of data on the Asset Register (AR) which is treated as additions. Furthermore, the R5 billion as per disclosure note above is based on the capital projects through acquisitions, maintenance and construction of buildings that the department has been spending on for the previous years.

Table A

	Opening balance @ 01 April 2008	Adjust open balance	Additions	disposal	Closing balance @ 31 March 2009	Unexplained difference
Land parcels	30,477	N/A	151	N/A	31,987	N/A
Building & Structures/ Units	102,552	N/A	4161	N/A	106,713	N/A
Total	133,029	N/A	4312	N/A	138,700	N/A

- Properties on AR are continued to be valued at R1.00 each. However, DPW has developed a valuation model (Depreciated Replacement Cost Valuation Model) and is awaiting approval by NT.
- Further, vesting of the Department's properties has not been finalized by the Department of Rural Development and Land Reform (DRD & LR) as per the anticipated date of 31 March 2009. A joint action plan between DPW and DRD & LR has been developed wherein it is envisaged that vesting process will be finalized by 31 March 2012.
- The Department is continuously focusing on improving the accuracy and enhancing the data of the Asset Register. Relevant to the completeness of the minimum requirement fields on AR, land parcels completed information is at 77% and improvement is 96%.
- As further system enhancement to improve AR functionality, additional key fields such as valuation and condition assessment will be included to ensure AR comprehensiveness.

Table B

Archived properties	1,289
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Note that 1,289 properties archived, as indicated in Table B above, are in the process of being investigated to determine reasons for archiving, which may not necessarily indicate disposal

32.1 Additions
Additions to immovable tangible capital assets per asset register for the year ended 31 March 2009

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Building and other fixed structures	6,396	1,469,311	933,941	-	2,409,648
Dwellings	190	101,431	185,200	-	286,821
Non-residential buildings	6,206	1,367,880	748,741	-	2,122,827
Land and subsoil assets	45,514		2,523	-	48,037
Land	45,514	-	2,523	-	48,037
Total additions to immovable tangible capital assets	51,910	1,469,311	936,464	-	2,457,685

32.2 Disposals
Disposals of immovable tangible capital assets per asset register for the year ended 31 March 2009

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
Land and subsoil assets				878
Land	-	-	-	878
Total disposal of immovable tangible capital assets	-	-	-	878

An amount of R878,000 received was as a result of the disposal of land which is at R1 value in the asset register.

32.3 Movement for 2007/08
**Movement in immovable tangible capital assets per asset register
for the year ended 31 March 2008**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Buildings and other fixed structures	1,083,917	1,496,996		2,580,913
Dwellings	183,458	118,880	-	302,338
Non-residential buildings	900,358	1,378,116	-	2,278,474
Other fixed structures	101	-	-	101
Heritage assets	2,743	-	-	2,743
Heritage assets	2,743	-	-	2,743
Total immovable tangible assets	1,086,660	1,496,996	-	2,583,656

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS PAID TO PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Gauteng	155,265	-	-	155,265	155,265	100%	155,265	84,118	54%	-
Limpopo	12,294	-	-	12,294	12,294	100%	12,294	6,853	56%	-
Northern Cape	24,094	-	-	24,094	24,094	100%	24,094	24,047	100%	-
Mpumalanga	36,000	-	-	36,000	36,000	100%	36,000	36,000	100%	-
North West	58,995	-	-	58,995	58,995	100%	58,995	58,326	99%	-
Western Cape	147,127	-	-	147,127	147,127	100%	147,127	147,093	100%	-
Free state	125,066	-	-	125,066	125,066	100%	125,066	70,199	56%	-
Eastern Cape	119,638	-	-	119,638	119,638	100%	119,638	60,332	50%	-
Kwa-Zulu Natal	210,846	-	-	210,846	210,846	100%	210,846	209,728	99%	-
	889,325	-	-	889,325	889,325		889,325	696,696		-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT			2007/08	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Municipalities	-	-	-	-	-	-	-	-	-	836,570
	-	-	-	-	-	-	-	-	-	836,570

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1C
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08	
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	R'000
Mangaung	1	-	-	1	1	100%	1	1	100%	-	-
City of Cape Town	3	-	-	3	3	100%	3	3	100%	-	-
	4	-	-	4	4		4	4		-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1D
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2007/08 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Construction Industry Development Board	41,891	-	-	41,891	41,892	100%	49,891
Council for Built Environment	26,286	-	-	26,286	26,286	100%	23,939
Property Management Trading Entity	528,000	-	-	528,000	528,000	100%	476,000
Parliament Village Management Board	6,337	-	-	6,337	6,337	100%	2,418
Construction SETA	1,607	-	-	1,607	1,607	100%	-
	604,121	-	-	604,121	604,122		552,248

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1E
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2007/08	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Available funds Transferred	Capital	Current	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Public Corporations										
Public Corporation and Private enterprises	102	-	-	102	53	52%	-	-	-	
	102	-	-	102	53		-	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1F
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION			Total Available	Actual Transfer	EXPENDITURE % of Available funds Transferred	2007/08 Appropriation Act
	Adjusted Appropriation Act	Roll-overs	Adjustments				
	R'000	R'000	R'000	R'000	R'000	%	R'000
FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION							
Transfers							
Commonwealth War Graves	14,495	-	-	14,495	13,669	94%	14,612
	14,495	-	-	14,495	13,669		14,612

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION			EXPENDITURE		2007/08 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll-Over R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
HOUSEHOLDS						
Transfers						
Households	4,144	-	-	4,144	3,545	86%
	4,144	-	-	4,144	3,545	
Subsidies	-	-	-	-	-	3,052
	-	-	-	-	-	3,052
	4,144	-	-	4,144	3,545	3,052

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1H
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2008/09	2007/08
		R'000	R'000
Received in cash			
MW	Sponsorship towards valentine Gala Dinner	5	-
Maunga Project	Sponsorship towards valentine Gala Dinner	3	-
Zama Zondo	Sponsorship towards valentine Gala Dinner	3	-
Treemanson	Sponsorship towards valentine Gala Dinner	2	-
Tavcon Construction	Sponsorship towards valentine Gala Dinner	3	-
Kailake Construction	Sponsorship towards valentine Gala Dinner	1	-
Samona Construction	Sponsorship towards valentine Gala Dinner	1	-
Sakhizwe Civil & Building	Sponsorship towards valentine Gala Dinner	1	-
Don Civils	Sponsorship towards valentine Gala Dinner	1	-
Taylor & Associates	Sponsorship towards valentine Gala Dinner	1	-
Indwe Quatity Surveyors	Sponsorship towards valentine Gala Dinner	5	-
Vokon Afrika Consulting	Sponsorship towards valentine Gala Dinner	3	-
Various	Sponsorship towards year end function and team-building	13	-
Subtotal		42	-
Received in kind			
Demo Construction	Sponsorship towards valentine Gala Dinner	5	-
Lwandle Consulting	Sponsorship towards valentine Gala Dinner	5	-
LMAQS	Sponsorship towards valentine Gala Dinner	5	-
Bartsch Architects	Sponsorship towards valentine Gala Dinner	1	-
MNA Consultant	Sponsorship towards valentine Gala Dinner	5	-
S.Stock	Sponsorship towards valentine Gala Dinner	1	-
LAQS	Sponsorship towards valentine Gala Dinner	5	-
Subtotal		27	-
Total		69	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 11
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2008/09	2007/08
	R'000	R'000
Paid in cash		
Sponsorship-Elliott high school-Bursary Competition	20	-
Donation –Gauteng Wheelchair Basketball team	30	-
Subtotal	50	-
Total	50	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2009 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out	
										R'000
Motor vehicles										
STD Bank Vehicle		-	200	979	200	-	979	-	-	
Subtotal		-	200	979	200	-	979	-	-	
Housing										
Standard bank		-	636	-	128	-	508	-	-	
Nedbank(Cape)		-	36	-	-	-	36	-	-	
Nedbank Limited		-	230	-	-	-	230	-	-	
Firststrand Bank		-	497	-	48	-	449	-	-	
Nedbank Ink		-	12	-	12	-	-	-	-	
ABSA		-	1,335	136	238	-	1,233	-	-	
Unique Finance		-	11	-	-	-	11	-	-	
Old Mutual		-	37	-	20	-	17	-	-	
Peoples Bank		-	121	-	39	-	82	-	-	
Nedbank LTD(NBS)		-	101	-	-	-	101	-	-	
FNB-Former SA		-	316	-	105	-	211	-	-	
Old Mut(Netbank)		-	527	-	59	-	468	-	-	
Ithala Limited		-	18	-	-	-	18	-	-	
Free State Development		-	20	-	20	-	-	-	-	
VBS Mutual Bank		-	86	-	72	-	14	-	-	
NHFC(Masikheni)		-	19	-	-	-	19	-	-	
Subtotal		-	4,002	136	741	-	3,397	-	-	
Total		-	4,202	1,115	941	-	4,376	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2009

Nature of Liability	Opening Balance 01/04/2008 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31/03/2009 R'000
Claims against the department					
Previous years claims	159,505	-	159,505	-	-
Adjustments in opening balance	(7,020)	-	(7,020)	-	-
Ms De Kock Summons-increased to R150,000 recorded last year as R71,236.62	78	-	-	-	78
Phelane Electrical Contractors-Incorrectly recorded as R17,181.05 should be R17,815.05	16	-	-	-	16
Era properties-Payment for tenant installations	1,149	-	-	-	1,149
Augustino Banze-Claims for damages-injuries	750	-	35	-	715
Buffalo City Municipality-Claim for Rates, sewerage ect	7	-	-	-	7
Gypsy Fire CC-Claim for damages-breach	32,000	-	-	-	32,000
New York International In-Payment for goods supplies	588	-	-	-	588
Old Mutual Properties (Pty) Ltd-Claim for arrear rentals	11	-	-	-	11
TA Kousiakis Claim for damages-property	25	-	-	-	25
PG Roos Claim for damages-Motor vehicle	6	-	-	-	6
John roux Rentals	82	-	-	-	82
Ertec (Pty) Ltd claim for services rendered & material supplied	369	-	-	-	369
African Contractors finance claim for direct payment(Bank not to proceed with claim:matter finalised)	(197)	-	-	-	(197)
Top-Di Computa claim against alleged wrongful cancellation order in dept favour	(125,000)	-	(125,000)	-	-
AJ Scheepers Claim for arrear rentals	100	-	-	-	100
J van Litsenborgh Claim for damages	1,305	-	-	-	1,305
W prins Damages	100	-	-	-	100
Scarlett Property Wrongful application of penalties	665	-	-	-	665

Nature of Liability	Opening Balance 01/04/2008 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31/03/2009 R'000
Imperial Distribution Claim for arrear rentals	123	-	-	-	123
F Chandley Claim for injuries	100	-	-	-	100
Brenbar CC Outstanding Payment	98	-	-	-	98
M Jafta Claim for injuries	76	-	-	-	76
PJJ Odendaal Claim for medical costs	113	-	85	-	28
Count Labia Compensation claim	900	-	900	-	-
Petronet Damages claim	6,048	-	-	-	6,048
JH dela Rey Claim for damages	2,865	-	-	-	2,865
Contradev CC Repairs to residential units	2,398	-	-	-	2,398
Balakashnan Claim for damages	810	-	-	-	810
Ms Ethwar Services rendered	227	-	-	-	227
GJ Elworthy claim for valuers fees	48	-	-	-	48
Bron Properties arrear rentals	2,201	-	-	-	2,201
Sub-Chemie Wtare services rendered	20	-	-	-	20
Temoso trading breach of contract	495	-	-	-	495
Midvaal Local Municipality claim for arrear rates and taxes	-	1,062	-	-	1,062
Monica Ntombifuthi Ntshangase Short payment of remuneration Ian Deetlefs	-	35	-	-	35
	-	60	-	-	60
PS Maluleke claim for defamation, pain and suffering	-	500	-	-	500
Merchant West asset Claim for arrears on lease of a photocopier	-	110	-	-	110
ME Ethwar Services rendered	-	227	-	-	227
P Joubert Trust-Damages	(50)	-	(50)	-	-
Norwegian Christian Church-Claim for unjust enrichment	750	-	-	-	750
Total	81,761	1,994	28,455	-	55,300

The department initiated a conditional assessment of the properties under the custodianship of the DPW using ServCon and Intersite service providers. The potential liability will only be known after validation of the work done.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 3
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Correctional Services	-	-	-	1,343	-	1,343
Education	-	-	1,110	1,110	1,110	1,110
Environmental Affairs	67,022	-	-	69,737	134,044	69,737
Health	-	-	2,083	1,915	2,083	1,915
Justice & Constitutional Development	-	-	-	119	-	119
SAPS	-	-	64	23	64	23
Water Affairs	-	-	31	2	31	2
National Prosecuting Authority	-	-	367	185	367	185
Public Service & Administration	-	-	1	-	1	-
PMTE	21,687	-	-	21,682	43,374	21,682
Statistics South Africa	-	-	269	282	269	282
The Presidency	-	-	43	43	43	43
Trade & Industry	-	-	43	66	43	66
Other Claims: National Departments	-	-	22,827	394	22,827	394
Agriculture	-	-	798	-	798	-
Defence	-	-	1,848	-	1,848	-
Foreign Affairs	-	-	320	-	320	-
Provincial depts	-	-	47	-	47	-
Total	88,709	-	29,851	96,901	207,269	96,901

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 4
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
Departments						
Current						
PALAMA	-	-	475	-	475	-
Justice & Constitutional Development	464	-	121	-	585	-
Environmental Affairs	-	-	310	-	310	-
Transport, Roads and Community Safety	-	-	1	-	1	-
Labour	-	-	16	-	16	-
Limpopo Provincial Government	-	-	10	-	10	-
PMTE	225,770	-	5,163	-	230,933	-
Eastern Cape Dept of Health	-	-	36	-	36	-
Total	226,234	-	6,132	-	232,366	-

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE PROPERTY MANAGEMENT TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2009

AUDIT REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Property Management Trading Entity (PMTE) which comprise the statement of financial position as at 31 March 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 122 to 147.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for adverse opinion

Basis of accounting

7. The required accounting framework in terms of TR 18.2 for the PMTE is SA Statements of GAAP. As stated in accounting policy note 1.1 the National Treasury granted conditional approval to the PMTE to apply the modified cash basis of accounting. However, the PMTE did not comply with the conditions as set out by the National Treasury and as a result the exemption is no longer valid and the PMTE had to revert to the required accounting framework which is SA Statements of GAAP. The financial statements are therefore not compliant with the required framework.

Interdepartmental receivables

8. Included in the interdepartmental receivables as disclosed in note 17 to the financial statements is an amount of R419 million (31 March 2008: R48 million), which is owed by a number of national departments and national public entities which has been outstanding for more than two years. In terms of section 38(1)(c)(i) of the PFMA, the accounting officer must take appropriate steps to collect all money due to the trading entity. Management did not implement appropriate steps to collect money owed and further did not assess the recoverability of the long-outstanding debtors in terms of disclosure note 39 to the financial statements. The receivables amount disclosed is thus overstated by an unknown amount and the provision is understated due to the assessment not being performed.

Adverse opinion

9. In my opinion, because of the significance of the matters described in the Basis for adverse opinion paragraphs, the financial statements do not present fairly the financial position of the Property Management Trading Entity as at 31 March 2009 and its financial performance and cash flows for the year then ended, in accordance with SA Statements of GAAP and in the manner required by the PFMA.

Other matters

I draw attention to the following matters that relate to my responsibility in the audit of the financial statements:

Material non-compliance with applicable legislation

10. Treasury Regulations

The accounting officer did not comply with the following legislative requirements:

- Treasury Regulation 8.2.3: payments of invoices were not always made within 30 days of receipt of invoice, as required.
- Treasury Regulation 9.1.2: fruitless and wasteful expenditure was not reported on a monthly basis.

Entity revenue

11. Section 51(1)(a)(i) of the PFMA states that the accounting officer must ensure that the PMTE has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Various discrepancies in respect of the process of revenue collected from client departments were noted, including lack of proper reconciliation and review, unauthorised manual journals, manual journal incorrectly completed, misallocation between the regions, manual PACE systems not agreeing to Basic Accounting System (BAS) and incorrect capturing of data.

Governance framework

12. The governance principles that impact the auditor’s opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal control deficiencies

13. Section 38(1)(a)(i) of the PFMA states that the accounting officer must ensure that the PMTE has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the adverse opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for adverse opinion	CE	RA	CA	IC	M
7	Basis of accounting					1
8	Interdepartmental receivables					1

14. All the findings and weaknesses identified were mainly due to ongoing monitoring and supervision that were not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.



Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

15. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines [section 40 of the PFMA].	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	The trading entity had an audit committee in operation throughout the financial year.		✓
	The audit committee operates in accordance with approved, written terms of reference.	✓	
	The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10	✓	
7.	Internal audit		
	<ul style="list-style-type: none"> The trading entity had an internal audit function in operation throughout the financial year. 	✓	
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 	✓	
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2 	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2	✓	
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		✓

16. The result of the assessment is indicative of the PMTE's lack of adequate monitoring and governance processes to identify deficiencies and timeously implementing corrective actions that will lead to reliable financial reporting, compliance with legislation and the availability of information.

APPRECIATION

17. The assistance rendered by the staff of the Property Management Trading Entity during the audit is sincerely appreciated.

Auditor - General

Pretoria

11 September 2009



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
REVENUE			
Departmental revenue	<u>1</u>	4,283,244	4,694,048
TOTAL REVENUE		4,283,244	4,694,048
EXPENDITURE			
Current expenditure			
Goods and services	<u>2</u>	2,520,167	2,090,867
Interest and rent on land	<u>3</u>	12,152	8,576
Financial transactions in assets and liabilities	<u>4</u>	-	16,054
Total current expenditure		2,532,319	2,115,497
Transfers and subsidies		409,647	1,210,288
Transfers and subsidies	<u>5</u>	409,647	1,210,288
Expenditure for capital assets			
Tangible capital assets	<u>6</u>	1,469,311	1,300,699
Total expenditure for capital assets		1,469,311	1,300,699
TOTAL EXPENDITURE		4,411,277	4,626,484
SURPLUS/(DEFICIT) FOR THE YEAR		(128,033)	67,564
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		(129,708)	60,603
Departmental revenue	<u>11</u>	1,675	6,961
SURPLUS/(DEFICIT) FOR THE YEAR		(128,033)	67,564

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
ASSETS			
Current assets		1,516,331	1,186,113
Fruitless and wasteful expenditure	<u>7</u>	7,952	7,952
Cash and cash equivalents	<u>8</u>	-	758
Prepayments and advances	<u>9</u>	2,518	1,475
Receivables	<u>10</u>	1,505,861	1,175,928
TOTAL ASSETS		1,516,331	1,186,113
LIABILITIES			
Current liabilities		1,784,859	1,316,925
Entity revenue to be surrendered to the Revenue Fund	<u>11</u>	1,675	6,961
Bank overdraft	<u>12</u>	1,546,275	1,201,188
Payables	<u>13</u>	236,909	108,776
TOTAL LIABILITIES		1,784,859	1,316,925
NET ASSETS		(268,528)	(130,812)
Represented by:			
Retained funds		(268,528)	(130,812)
TOTAL		(268,528)	(130,812)

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2009**

NET ASSETS	Note	2008/09	2007/08
		R'000	R'000
Retained funds			
Opening balance		(130,812)	(165,046)
Transfer from Statement of Financial Performance		(137,716)	60,604
Other		-	(26,370)
Closing balance		(268,528)	(130,812)

CASH FLOW STATEMENT
for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		4,283,244	4,694,048
Departmental revenue received	<u>1</u>	<u>4,283,244</u>	<u>4,694,048</u>
Net (increase)/decrease in working capital		(202,843)	(276,026)
Surrendered to Revenue Fund		(14,969)	(3,734)
Current payments		(2,532,319)	(2,115,497)
Transfers and subsidies paid		(409,647)	(1,210,288)
Net cash flow available from operating activities	<u>14</u>	<u>1,123,466</u>	<u>1,088,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>6</u>	<u>(1,469,311)</u>	<u>(1,300,699)</u>
Net cash flows from investing activities		<u>(1,469,311)</u>	<u>(1,300,699)</u>
Net increase/(decrease) in cash and cash equivalents		(345,845)	(212,196)
Cash and cash equivalents at the beginning of the period		(1,200,430)	(988,234)
Cash and cash equivalents at end of period	<u>15</u>	<u>(1,546,275)</u>	<u>(1200,430)</u>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The PMTE received an exemption from the Office of the Accountant General to prepare financial statements on modified cash instead of accrual basis of accounting. The exemption was granted on the basis of immovable assets which DPW is in a process of vesting and valuation of all immovable properties. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 Statutory Appropriation

Statutory appropriations are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the statutory appropriations made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total statutory appropriations are presented in the Statement of Financial Performance.

Unexpended statutory appropriations are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.3 Departmental revenue

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.3.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and/or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the Statement of Financial Performance when received.

2.3.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.3.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

2.3.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

2.3.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.3.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

2.3.7 Transfers received (including gifts, donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the financial statements.

2.4 Direct Exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received.

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the Statement of Financial Performance.

Inappropriately expensed amounts using CARA funds and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the Statement of Financial Performance².

All other payments are classified as current expense.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.1.2 Post retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

² This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects



3.1.3 *Termination benefits*

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 *Other long-term employee benefits*

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 *Goods and services*

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

3.3 *Interest and rent on land*

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 *Financial transactions in assets and liabilities*

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All **other losses** are recognised when authorisation has been granted for the recognition thereof.

3.5 *Transfers and subsidies*

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 *Unauthorised expenditure*

When discovered unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost..



4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.8 Capital assets

4.8.1 Movable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

4.8.2 Immovable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset”. On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the Provincial/National Department of Public Works.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

5. Liabilities

5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

5.3 Direct Exchequer receipts to be surrendered to the Revenue Fund

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

Amounts received must be surrendered to the relevant revenue fund on receipt thereof. Any amount not surrendered at year end is reflected as a current payable in the Statement of Financial Position.

5.4 Bank overdraft

The bank overdraft is carried in the Statement of Financial Position at cost.

5.5 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

5.6 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements.

5.7 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.8 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.9 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

5.10 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and the interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

7.3 Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

7.4 Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

8. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

NOTES TO ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

1. Departmental revenue

	Note	2008/09 R'000	2007/08 R'000
Sales of goods and services other than capital assets	<u>1.1</u>	3,745,561	4,211,087
Fines, penalties and forfeits	<u>1.2</u>	6,896	1,747
Interest, dividends and rent on land	<u>1.3</u>	2,787	5,214
Transfer received	<u>1.4</u>	528,000	476,000
Departmental revenue collected		4,283,244	4,694,048
1.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		3,745,561	4,211,087
Sales by market establishment		-	72,075
Other sales		3,745,561	4,139,012
Total		3,745,561	4,211,087
1.2 Fines, penalties and forfeits			
Fines		6,896	1,747
Total		6,896	1,747
1.3 Interest, dividends and rent on land			
Interest		2,787	5,214
Total		2,787	5,214
1.4 Transfers received			
Other governmental units		528,000	476,000
Total		528,000	476,000
2. Goods and services			
Administrative fees		54	62
Advertising		62	61
Operating leases		1,863,183	1,589,266
Owned and leasehold property expenditure	<u>2.1</u>	656,868	501,478
Total		2,520,167	2,090,867

An amount of R291,667 which was erroneously disclosed in prior year (2007/08) as goods and services under inventory has been restated as capital expenditure for infrastructure projects.

2.1 Owned and leasehold property expenditure

	Note	2008/09	2007/08
	2	R'000	R'000
Municipal services		16,073	12,607
Property management fees		-	385,891
Other		640,795	102,980
Total		656,868	501,478

3. Interest and rent on land

Interest paid		2,281	-
Rent on land		9,871	8,576
Total		12,152	8,576

4. Financial transactions in assets and liabilities

Other material losses written off	4.1	-	16,054
Total		-	16,054

4.1 Other material losses written off

Nature of losses			
Criminal Acts Omissions		-	8,027
Vis Major (act of God)		-	7,934
SA Police Services (Cur)		-	29
Unavoidable damages		-	64
Total		-	16,054

5. Transfers and subsidies

Provinces and municipalities	Annex 1	409,647	1,210,288
Total		409,647	1,210,288

6. Expenditure for capital assets

Tangible assets		1,469,311	1,300,699
Buildings and other fixed structures	6.1	1,469,311	1,300,699
Total		1,469,311	1,300,699

An amount of R291,667 which was erroneously disclosed in prior year (2007/08) as goods and services under inventory has been restated as capital expenditure for infrastructure projects.

6.1 Analysis of funds utilised to acquire capital assets – 2008/09

	Voted funds	Aid Assistance	Total
Tangible assets	1,469,311	-	1,469,311
Buildings and other fixed structures	1,469,311	-	1,469,311
Total	1,469,311	-	1,469,311

6.2 Analysis of funds utilised to acquire capital assets – 2007/08

Total assets acquired	1,300,699	-	1,300,699
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7. Fruitless and wasteful expenditure
7.1 Reconciliation of fruitless and wasteful expenditure

	Note	2008/09 R'000	2007/08 R'000
Opening balance		7,952	3,677
Less: Add fruitless and wasteful expenditure-current year		-	4,275
Current expenditure		-	4,275
Fruitless and wasteful expenditure awaiting condonement		7,952	7,952

Analysis of awaiting condonement per economic classification

Current	7,952	7,952
Total	7,952	7,952

8. Cash and cash equivalents

Disbursements	-	758
Total	-	758

9. Prepayments and advances

Prepayments	2,518	1,475
Total	2,518	1,475

10. Receivables

	Note	2008/09			2007/08 R'000
		R'000	R'000	R'000	
		Less than one year	One to three years	Older than three years	
Claims recoverable	10.1 Annex 3	-	68	-	-
		956,338	418,984	-	1,375,391
Recoverable expenditure	10.2	90,820	39,651	-	130,470
Total		1,047,158	458,703	-	1,505,861
					1,175,928

10.1 Claims recoverable

	Note	2008/09 R'000	2007/08 R'000
National departments		1,375,323	1,112,514
Provincial departments		68	-
Total		1,375,391	1,112,514

10.2 Recoverable expenditure (disallowance accounts)

Disallowance Miscellaneous		66,287	34,399
Disall Damages and Losses CA		39,636	17,895
Disall Damages and Losses Recover CA		24,547	11,120
Total		130,470	63,414

11. Entity revenue to be surrendered to the Revenue Fund

Opening balance		6,961	3,734
Transfer from Statement of Financial Performance		9,683	6,961
Paid during the year		(14,969)	(3,734)
Closing balance		1,675	6,961

12. Bank Overdraft

Consolidated Paymaster General Account		1,546,275	1,201,188
Total		1,546,275	1,201,188

13. Payables – current

Advances received	<u>13.1</u>	224,626	99,081
Other payables	<u>13.2</u>	12,283	9,695
Total		236,909	108,776

13.1 Advances received

Description		2008/09	2007/08
Advances received from national depts		224,626	99,081
Total		224,626	99,081

13.2 Other payables

Description	Note	2008/09 R'000	2007/08 R'000
Claims Recover Eastern Cape CA		-	753
Claims Recover Gauteng CA		165	9
Claims Recover Northern Cape CA		1	1
Claims Recover North West CA		9	9
Claims Recover Western Cape CA		4	5,548
EBT Rejections		945	3,375
Unp/RC Bas EBT Control Acc		10,672	-
Claims Recover Public Entities CA		464	-
Claims Recover Free State CA		23	-
Total		12,283	9,695

14. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	(128,033)	67,564
Add back non cash/cash movements not deemed operating activities	1,251,499	1,020,939
(Increase)/decrease in receivables – current	(329,933)	(354,995)
(Increase)/decrease in prepayments and advances	(1,043)	(675)
(Increase)/decrease in other current assets	-	(4,274)
Increase/(decrease) in payables – current	128,133	83,918
Expenditure on capital assets	1,469,311	1,300,699
Surrenders to Revenue Fund	(14,969)	(3,734)
Net cash flow generated by operating activities	1,123,466	1,088,503

15. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	(1,546,275)	(1,201,188)
Disbursements	-	758
Total	(1,546,275)	(1,200,430)

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

16. Contingent liabilities

	Note	2008/09 R'000	2007/08 R'000
Liable to Nature			
Claims against the department	Annex 2	144,340	132,620
Total		144,340	132,620

17. Commitments
Current expenditure

Approved and contracted		128,959	64,521
Approved but not yet contracted		10,586	-
		139,545	64,521

Capital expenditure

Approved and contracted		9,633,940	7,453,399
Approved but not yet contracted		-	4,508
		9,633,940	7,457,907

Total Commitments

		9,773,485	7,522,428
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18. Accruals
Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	180,192	47,516	227,708	72,888
Interest and rent on land	33	426	459	188
Transfers and subsidies	337	706	1,043	8,762
Buildings and other fixed structures	64,550	11,189	75,739	62,630
Total	245,112	59,837	304,949	144,468

Listed by programme level

Programme 1		558	135,706
Programme 2		299,503	8,762
Special Function 5		4,888	-
Total		304,949	144,468

19. Lease commitments**19.1 Operating leases expenditure**

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	8,356	1,641,715	-	1,650,071
Later than 1 year and not later than 5 years	12,392	2,975,032	-	2,987,424
Later than five years	4,302	1,749,106	-	1,753,408
Total lease commitments	25,050	6,365,853	-	6,390,903

2007/08	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	10,325	1,525,351	-	1,535,676
Later than 1 year and not later than 5 years	12,553	3,079,033	-	3,091,586
Later than five years	5,220	1,926,105	-	1,931,325
Total lease commitments	28,098	6,530,489	-	6,558,587

20. Receivables for departmental revenue

	Note	2008/09 R'000	2007/08 R'000
Other		278,085	206,676
Total		278,085	206,676

20.1 Analysis of receivables for departmental revenue

Opening balance	206,676	148,724
Less: amounts received	81,290	100,632
Add: amounts recognised	152,699	158,584
Closing balance	278,085	206,676

21. Irregular expenditure**21.1 Reconciliation of irregular expenditure**

Opening balance		
Add: Irregular expenditure – relating to current year	1,943	-
Less: Amounts condoned	(1,943)	-
Irregular expenditure awaiting condonation	-	-

21.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2008/09 R'000
Payment approved by official	Written warning given to the official	1,943
Total		1,943

21.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	
Payment approved by official	The payment was condoned by the Chief Financial Officer	(1,943)
Total		(1,943)

22. Fruitless and wasteful expenditure
22.1 Reconciliation of fruitless and wasteful expenditure

Fruitless and wasteful expenditure – relating to prior year	-
Add: fruitless and wasteful expenditure – relating to current year	5,344
Fruitless and wasteful expenditure awaiting condonation	5,344

Analysis of awaiting condonation per economic classification

Current	5,344
Total	5,344

22.2 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2008/09 R'000
Interest on arrear municipal account	None	2,282
Service rendered to a property that does not belong	under investigation	6
Client depts Vacated the property during the lease	In process of recovering the amount	38
Client depts Vacated the property during the lease	under investigation	54
Client dept –SAPS vacated the leased property without informing the department	To be investigated	872
Dept renewed the lease while the client had vacated the leased property	To be investigated	2,092
Total		5,344

23. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2009

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures			1,469,311	1,469,311	
Dwellings	-	-	101,432	101,432	-
Non-residential buildings	-	-	1,367,879	1,367,879	-
Other fixed structures	-	-			-
Total immovable tangible capital assets	-	-	1,469,311	1,469,311	-

23.1 Additions

Additions to immovable tangible capital assets per asset register for the year ended 31 March 2009

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Building and other fixed structures	47,521	-	1,421,790	-	1,469,311
Dwellings	6,798	-	94,634	-	101,432
Non-residential buildings	40,723	-	1,327,156	-	1,367,879
Total additions to immovable tangible capital assets	47,521	-	1,421,790	-	1,469,311

23.2 Disposals

Disposals of immovable tangible capital assets per asset register for the year ended 31 March 2009

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
Building and other fixed structures		1,469,311	1,469,311	-
Dwellings	-	101,432	101,432	-
Non-residential buildings	-	1,367,879	1,367,879	-
Total disposal of immovable tangible capital Assets	-	1,469,311	1,469,311	-

23.3 Movement for 2007/08

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2008

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Buildings and other fixed structures	-	1,300,699	1,300,699	-
Non-residential buildings	-	1,300,699	1,300,699	-
Total immovable tangible assets	-	1,300,699	1,300,699	-

An amount of R291,667 which was erroneously disclosed in prior year as goods and services under inventory has been restated as capital expenditure for infrastructure projects.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Municipalities	409,647	-	-	409,647	409,647	100%	-	-	-	1,210,288
	409,647	-	-	409,647	409,647		-	-		1,210,288

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 2
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2009

Nature of Liability	Opening Balance 01/04/2008 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/reduced during the year R'000	Liabilities recoverable(Provide details hereunder) R'000	Closing Balance 31/03/2009 R'000
Claims against the department					
Kwinda Construction -Claim for services rendered	108	-	-	-	108
Neo Arch Architects CC -Claim for services rendered	33	-	-	-	33
G Venter -Transfer of 3 farms	470	-	-	-	470
Sarkum Civil & Construction - Claim for services rendered	3,715	-	-	-	3,715
Puma Logistics CC - Claim for services rendered	1,075	-	-	-	1,075
Il Victoria street Investments - Claim for arrear rentals	319	-	-	-	319
Mj Mokwana -Claim for damages: Delictual & Contractual	300	-	-	-	300
Bongiwe Contruction -Claim for contractual damages	698	-	-	-	698
Boiler& Stoker Spares -Claim for services rendered	4,823	-	-	-	4,823
Mrs Naidoo -Claim for Damages: Motor Vehicle	39	-	-	-	39
Appolis Builders -Claim for contractual Damages	9,600	-	-	-	9,600
New Heights 326(Pty)Ltd -Claim for cost of user installation	704	-	-	-	704
Zimport Water Services CC -Claim for Damages: cancellation of tender	76,000	-	-	-	76,000
Mkhwanazi Construction -Outstanding payments	561	-	-	-	561
Muringathuparambil -Claim for Damages	21	-	-	-	21
Nelson Mandela Metropolitan Municipality -Claim for goods and services rendered	2	-	-	-	2
Oklahoma properties -Claim for arrear rentals	4,212	-	-	-	4,212
Tiro projects -Claim Outstanding payments	5,676	-	-	-	5,676
MJ Galane -Material bought and services rendered	69	-	-	-	69
Sizani Built IT -services rendered	15	-	-	-	15
Finesse Enterprises -Claim for arrear rentals	11	-	-	-	11
Piet Khoza -Electrical services rendered	4,170	-	-	-	4,170
SH Water -Land dispute	5,000	-	-	-	5,000
Roly Electrical -services rendered	22	-	-	-	22
Pangbourne Properties -Outstanding rentals and utilities	237	-	-	-	237

Nature of Liability	Opening Balance 01/04/2008 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable(Provide details hereunder) R'000	Closing Balance 31/03/2009 R'000
Gouws and Associates -Damages to leased property	412	-	-	-	412
Atlantic Air Condition -services rendered	12,006	-	-	-	12,006
Re Mortlock -for injuries	227	-	-	-	227
Bonga commercials - Breach of contract	133	-	-	-	133
Moss Bosch - Breach of contract	234	-	-	-	234
Boiler Stoker - services rendered	1,521	-	-	-	1,521
SA Post Office - arrear rentals	355	-	-	-	355
Safety Security Claim for arrear rentals	146	-	-	-	146
Turner Townsend - services rendered	248	-	-	-	248
D Davids - damages to leased property	98	-	-	-	98
GR Plant Hire - Claim for money due on work done	-	139	-	-	139
Ruwacon (Pty)Ltd - Breach of contract	-	271	-	-	271
Ruwacon (Pty)Ltd - Breach of contract	-	4,608	-	-	4,608
Ruwacon (Pty)Ltd - Breach of contract	-	41	-	-	41
Ruwacon (Pty)Ltd - Breach of contract	-	132	132	-	-
Ruwacon (Pty)Ltd - Breach of contract	-	443	443	-	-
Ruwacon (Pty)Ltd - Breach of contract	-	28	28	-	-
Honey Sucker - services Breach of contract	-	227	-	-	227
Atlantic Air Conditioning CC - Claim for work done and material supplied	-	259	-	-	259
Petrus Johanees Holl t/a Holl Contractors -claim for services rendered and goods delivered	-	101	-	-	101
Cowsta beleggings - arrear rentals	-	286	-	-	286
Twosome Corner CC - Claim for escalatopn of lease amount and arrears	-	28	-	-	28
ABSA Bank Ltd payment ito cession	(240)	-	(240)	-	-
Claim for rental which was erroneously	54	-	54	-	-
Mkwananzi Construction - claimed interest on late payment	(99)	-	(99)	-	-
Air Conditioning Design and Development	(915)	-	(915)	-	-
Aushnand Babooram - Claim for damages to leased property	10	-	10	-	-
Appollis Builders - Claim for contractual damages	(602)	-	(602)	-	-
Mabopane Police Station - breach of contact	1,152	-	1,152	-	-
SAPS - Vandalised property	-	5,120	-	-	5,120
Total	132,620	11,683	(37)	-	144,340

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009**

**ANNEXURE 3
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Agriculture	12,162	-	9,974	7,341	22,136	7,341
Arts & Culture	19,490	32,043	13,511	333	33,001	32,376
BCIP	-	-	912	912	912	912
Communication	33	-	2,542	2,522	2,575	2,522
Correctional Services	-	212,496	105,324	51,788	105,324	264,284
Defence	16,779	-	198,204	202,023	214,983	202,023
Disal Domestic Services	-	-	-	1,990	-	1,990
Education	325	-	1,162	2,403	1,487	2,403
Environmental Affairs & Tourism	5,051	-	2,905	-	7,956	-
Foreign Affairs	-	-	3,817	6,706	3,817	6,706
GCIS	65	-	75	84	140	84
Gender Equal Com	-	-	200	272	200	272
Health	-	-	6,147	2,456	6,147	2,456
Home Affairs	664	-	5,753	593	6,417	593
Housing	-	-	-	1,433	-	1,433
Human Rights Commission	-	-	70	15	70	15
Justice & Const Development	46,478	19,048	52,086	41,261	98,564	60,309
Labour	2,908	-	26,202	17,784	29,110	17,784
Land Affairs	6,822	-	1,812	(758)	8,634	(758)
Minerals and Energy	471	1,318	2,172	1,571	2,643	2,889
National Prosec Authority	63	-	2,697	1,295	2,760	1,295
Parliament	45,110	-	448	6,466	45,558	6,466
Provincial and Local Govt	884	-	526	411	1,410	411
Public Protector	308	-	260	997	568	997
Public Enterprise	326	-	659	660	985	660
Public Services Administration	212	-	257	3,682	469	3,682
Public Services Commission	-	-	679	679	679	679
Public Works	225,770	-	5,163	166,700	230,933	166,700
Prestige	-	-	-	16,543	-	16,543
SA Management Development Institute	-	-	-	37	-	37
Science and Technology	-	-	96	96	96	96

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
SAPS	215,637	106,981	262,538	156,372	478,175	263,353
SARS	-	-	20,846	14,886	20,846	14,886
Sports and Recreation	-	-	4,517	4,150	4,517	4,150
Statistics SA	1,713	-	1,492	1,500	3,205	1,500
SA Social Security	1,131	-	139	725	1,270	725
The Presidency	-	-	23,255	18,688	23,255	18,688
Treasury	-	-	10,025	13,041	10,025	13,041
Transport	-	-	115	114	115	114
Water Affairs and Forestry	-	-	5,748	3,065	5,748	3,065
No Projects	-	-	81	(10,367)	81	(10,367)
Financial & Fiscal Commission	-	-	512	-	512	-
	602,402	371,886	772,921	740,469	1,375,323	1,112,355
Other Government Entities						
Land Affairs	-	-	-	158	-	158
EC provincial departments	-	-	68	-	68	-
Sub total	-	-	68	158	68	158
Total	602,402	371,886	772,989	740,627	1,375,391	1,112,513

5.1 Public Service Regulations

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2002 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether departments:-

- **Are exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,**
- **Are achieving national transformation priorities established by the Cabinet, for example, affirmative action.**

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders.

The tables in this report are revised on a regular basis by the Department of Public Service and Administration (DPSA). If you wish to see additional information included in this report, please send suggestions (with a clear motivation) to:-

The Director-General
 Department of Public Service and Administration
ATTENTION: Public Service Information Unit
 P.O. Box 916, Pretoria, 0001
 psiu@dpsa.gov.za
 Fax: (012) 314-7020

To ensure that enough time is available to evaluate and incorporate your suggestions, please ensure that all submissions are submitted on or before 31 August.

For a detailed description and explanation of the terminology used in this section of the report, please consult the publication from the DPSA entitled 'A guide to understanding the oversight report of departmental annual reports'. A copy of the guide is available from all departments or can be accessed from the DPSA website (www.dpsa.gov.za).

5.1.1 Service Delivery

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

See departmental service delivery improvement programme (Zimisele)

5.2 Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department. Please note table 2.1 and 2.2 will differ due to BAS and PERSAL differences.

TABLE 2.1 – Personnel costs by programme, 2008/2009

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)	Employees per programme
Prog 1: administration	794,332	279,055	0	0	32.7	46	5396
Prog 2: provis of land & accom	3,139,050	580,379	0	0	19.1	112	5396
Prog 3: nation public works pro	234,639	57,665	0	0	26.2	12	5396
Prog 4: auxiliary & ass service	28,967	0	0	0	0	0	5396
Theft and losses	0	0		0	0	0	0
Total	4,196,987	917,099	0	0	21.9	170	5396

TABLE 2.2 – Personnel costs by salary bands, 2008/2009

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	98,693	10.5	70,344
Skilled (Levels 3-5)	107,027	11.4	88,379
Highly skilled production (Levels 6-8)	212,902	22.7	165,425
Highly skilled supervision (Levels 9-12)	335,333	35.7	339,406
Senior management (Levels 13-16)	86,695	9.2	672,054
Other	7	0	0
Contract (level 1-2)	878	0.1	79,818
Contract (level 3-5)	34,462	3.7	141,819
Contract (level 6-8)	7,458	0.8	191,231
Contract (level 9-12)	23,027	2.5	287,838
Contract (level 13-16)	3,418	0.4	683,600
Periodical Remuneration	2,153	0.2	10,819
Abnormal Appointment	5,046	0.5	2,325
Total	917,099	97.6	118,107

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2008/2009

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
**administration	28	96.6	0	0	0	0	0	0
**npwp	0	0	0	0	0	0	0	0
**programme 1 admin	57	93.4	0	0	0	0	0	0
**provision of building and structure and equip	14	25.5	0	0	0	0	0	0
Programme 1 administration	195,922	75.9	2001	0.8	7173	2.8	9421	3.6
Programme 2 provisioning – land & accom	440,408	71.5	6235	1	20585	3.3	29715	4.8
Programme 3 national pwp	49986	76	23	0	1273	1.9	1510	2.3
Total	686415	73	8259	0.9	29031	3.1	40646	4.3

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2008/2009

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	67491	67.8	931	0.9	6725	6.8	7845	7.9
Skilled (Levels 3-5)	72522	66.7	2560	2.4	6627	6.1	7863	7.2
Highly skilled production (Levels 6-8)	154607	71.7	2976	1.4	5994	2.8	12164	5.6
Highly skilled supervision (Levels 9-12)	252785	72.4	1289	0.4	5675	1.6	11020	3.2
Senior management (Levels 13-16)	68281	76.3	4	0	3575	4	1510	1.7
Other	7	100	0	0	0	0	0	0
Contract level 1-2	838	95.4	6	0.7	0	0	0	0
Contract level 3-5	33988	98.1	196	6	0	0	0	0
Contract level 6-8	6795	90.3	297	3.9	11	0.1	35	0.5
Contract level 9-12	21672	92.7	0	0	171	0.7	169	0.7
Contract level 13-16	2808	79.1	0	0	246	6.9	40	1.1
Periodical Remuneration	7	0.3	0	0	0	0	0	0
Abnormal Appointments	4614	91	0	0	0	0	0	0
Total	686415	73	8259	0.9	29030	3.1	40646	4.3

5.3 Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 2008/2009

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Programme 1 administration, Permanent	1305	1117	14.4	127
Programme 2 provisioning - land & accommodation, Permanent	4617	4106	11.1	180
Programme 2 provisioning - land & accommodation, Temporary	1	1	0	0
Programme 3 national public works programme, Permanent	224	172	23.2	12
Total	6147	5396	12.2	319

TABLE 3.2 – Employment and vacancies by salary bands, 2008/2009

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	1511	1431	5.3	1
Skilled (Levels 3-5) perm	1313	1200	8.6	0
Skilled levels 3-5 temp	1	1	0	0
Highly skilled production (Levels 6-8)	1567	1296	17.3	2
(Levels 9-12) perm	1213	962	20.7	5
Senior management (Levels 13-16)	164	128	22	0
Contract level 1-2 permanent	8	8	0	1
Contract level 3-5 perm	246	246	0	238
Contract level 6-8 perm	39	39	0	32
Contact level 9-12 perm	80	80	0	39
Contract level 13-16 perm	5	5	0	1
Total	6147	5396	12.2	319

The information in each case reflects the situation as at 31 March 2008. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

5.4 Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

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

TABLE 4.1 – Job Evaluation, 1 April 2008 to 31 March 2009

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	1511	0	0	0	0	0	0
Contract (Levels 1-2)	8	0	0	0	0	0	0
Contract (Levels 3-5)	246	0	0	0	0	0	0
Contract (Levels 6-8)	39	0	0	0	0	0	0
Contract (Levels 9-12)	80	0	0	0	0	0	0
Contract (Band A)	1	0	0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band C)	2	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	1314	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	1567	5	0.3	2	40	0	0
Highly skilled supervision (Levels 9-12)	1213	12	1	3	25	0	0
Senior Management Service Band A	24	0	0	0	0	0	0
Senior Management Service Band B	96	0	0	0	0	0	0
Senior Management Service Band C	36	4	11.1	0	0	0	0
Senior Management Service Band D	8	0	0	0	0	0	0
TOTAL	6147	21	0.3	5	23.8	0	0

5.5 Employment changes

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2008 to 31 March 2009

Salary Band	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	1364	143	52	3.8
Lower skilled (Levels 1-2), Temporary	1	0	0	0
Skilled (Levels 3-5), Permanent	1268	34	82	6.5
Highly skilled production (Levels 6-8), Permanent	1258	186	78	6.2
Highly skilled supervision (Levels 9-12), Permanent	980	33	78	8
Senior Management Service Band A, Permanent	98	3	5	5.1
Senior Management Service Band B, Permanent	29	2	3	10.3
Senior Management Service Band C, Permanent	4	1	2	50
Senior Management Service Band D, Permanent	1	0	1	100
Contract (Levels 1-2), Permanent	9	11	31	344.4
Contract (Levels 3-5), Permanent	460	296	453	98.5
Contract (Levels 6-8), Permanent	27	37	34	125.9
Contract (Levels 9-12), Permanent	36	54	8	22.2
Contract (Band B), Permanent	2	2	1	50
Contract (Band C), Permanent	1	0	1	100
Contract (Band D), Permanent	1	1	0	0
TOTAL	5539	803	829	15

TABLE 5.2 - Annual Turnover Rates by Critical Occupation for 2008/2009

Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Turnover Rate
Architects town and traffic planners, Permanent	11	0	1	9.1
Civil engineering technicians, Permanent	7	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	1540	84	77	5
Engineers and related professionals, Permanent	69	62	16	23.2
Quantity surveyors & rela prof not class elsewhere, Permanent	65	14	3	4.6
Senior managers, Permanent	97	9	12	12.4
TOTAL	1789	169	109	6.1

Table 5.3 identifies the major reasons why staff left the department.

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total resignations	% of total employment
Death	57	6.9	1
Resignation	321	38.7	5.8
Expiry of contract	345	41.6	6.2
Transfers	2	0.2	0
Discharge due to ill health	6	0.7	0.1
Dismissal – misconduct	14	1.7	0.3
Retirement	84	10.1	1.5
Total	829	100	15

Resignations as % of employment	15
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TABLE 5.4 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2008)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Architects town and traffic planners	11	5	45.5	6	54.5
Civil engineering technicians	7	1	14.3	3	42.9
Engineers and related professionals	69	14	20.3	28	40.6
Quantity surveyors & rela prof not class elsewhere	65	3	4.6	38	58.5
Senior managers	97	17	17.5	88	90.7

TABLE 5.5 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2008)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	1364	5	0.4	992	72.7
Lower skilled (Levels 1-2), Temporary	1	0	0	0	0
Skilled (Levels 3-5), Permanent	1268	30	2.4	261	20.6
Highly skilled production (Levels 6-8), Permanent	1258	121	9.6	662	52.6
Highly skilled supervision (Levels 9-12), Permanent	980	180	18.4	427	43.6
Senior management (Levels 13-16), Permanent	132	26	19.7	112	84.8
Contract (Levels 1-2), Permanent	9	0	0	3	33.3
Contract (Levels 3-5), Permanent	460	4	0.9	0	0
Contract (Levels 6-8), Permanent	27	8	29.6	1	3.7
Contract (Levels 9-12), Permanent	36	2	5.6	1	2.8
Contract (Levels 13-16), Permanent	4	0	0	1	25
TOTAL	5539	376	6.8	2460	44.4

5.6 Employment equity

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

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2009

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	36	5	2	11	34	2	3	5	98
Professionals	663	55	27	183	733	41	15	105	1822
Clerks	142	34	3	30	273	27	10	118	637
Service and sales workers	66	10	0	9	20	1	0	0	106
Craft and related trades workers	142	57	10	94	27	1	0	1	332
Plant and machine operators and assemblers	28	12	1	1	2	1	0	0	45
Elementary occupations	870	302	12	33	966	160	3	9	2355
Total	1947	475	55	361	2056	233	31	238	5396
Employees with disabilities	7	7	1	9	4	2	0	7	37

6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2009

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management, Permanent	17	4	2	4	15	1	1	1	45
Senior Management, Permanent	31	1	0	8	36	1	3	4	84
Professionally qualified and experienced specialists and mid-management, Permanent	394	53	34	195	241	14	10	47	988
	354	64	5	87	547	44	12	174	1287
Semi-skilled and discretionary decision making, Permanent	520	211	9	33	364	68	1	5	1211
Unskilled and defined decision making, Permanent	471	141	5	7	669	103	3	3	1402
Unskilled and defined decision making, Temporary	0	0	0	0	1	0	0	0	1
Not Available, Permanent									
Contract (Top Management), Permanent	3	0	0	0	0	0	0	0	3
Contract (Senior Management), Permanent	1	0	0	0	0	0	1	0	2
Contract (Professionally qualified), Permanent	25	1	0	27	22	1	0	4	80
Contract (Skilled technical), Permanent	19	0	0	0	20	0	0	0	39
Contract (Semi-skilled), Permanent	111	0	0	0	131	1	0	0	243
Contract (Unskilled), Permanent	1	0	0	0	10	0	0	0	11
TOTAL	1947	475	55	361	2056	233	31	238	5396

6.3 – Recruitment for the period 1 April 2008 to 31 March 2009

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management, Permanent	3	0	0	0	2	0	0	0	5
Professionally qualified and experienced specialists and mid-management, Permanent	14	1	1	0	14	1	1	1	33
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	69	5	0	0	109	1	1	1	186
Semi-skilled and discretionary decision making, Permanent	19	1	0	0	14	0	0	0	34
Unskilled and defined decision making, Permanent	51	10	0	0	79	3	0	0	143
Contract (Senior Management), Permanent	1	0	0	0	0	0	1	0	2
Contract (Professionally qualified), Permanent	11	0	0	27	11	2	0	3	54
Contract (Skilled technical), Permanent	13	0	0	1	22	0	0	1	37
Contract (Semi-skilled), Permanent	130	0	0	0	165	1	0	0	296
Contract (Unskilled), Permanent	1	0	0	0	10	0	0	0	11
TOTAL	313	18	1	28	426	8	3	6	803

TABLE 6.4 - Promotions for the period 1 April 2008 to 31 March 2009

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management, Permanent	9	3	2	4	6	1	0	0	25
Senior Management, Permanent	42	5	3	15	32	2	7	7	113
Professionally qualified and experienced specialists and mid-management, Permanent	223	36	23	164	114	8	11	28	607
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	188	46	3	71	282	30	10	153	783
Semi-skilled and discretionary decision making, Permanent	144	55	2	22	53	11	1	3	291
Unskilled and defined decision making, Permanent	329	97	5	4	483	73	3	3	997
Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	2	0	1	0	0	0	0	0	3
Contract (Skilled technical), Permanent	3	0	0	0	6	0	0	0	9
Contract (Semi-skilled), Permanent	1	0	0	0	3	0	0	0	4
Contract (Unskilled), Permanent	0	0	0	0	3	0	0	0	3
TOTAL	942	242	39	280	982	125	32	194	2836

6.5 – Terminations for the period 1 April 2008 to 31 March 2009

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management, Permanent	2	0	0	0	1	0	0	0	3
Senior Management, Permanent	4	0	1	1	2	0	0	0	8
Professionally qualified and experienced specialists and mid-management, Permanent	40	6	3	10	13	1	1	4	78
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	26	1	0	9	29	2	0	11	78
Semi-skilled and discretionary decision making, Permanent	40	9	0	4	24	5	0	0	81
Unskilled and defined decision making, Permanent	29	5	1	1	14	2	0	0	52
Not Available, Temporary									
Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	0	0	0	1	0	0	0	0	1
Contract (Professionally qualified), Permanent	1	0	0	3	3	0	0	1	8
Contract (Skilled technical), Permanent	13	1	0	2	15	0	1	2	34
Contract (Semi-skilled), Permanent	189	2	0	0	0	260	1	0	453
Contract (Unskilled), Permanent	18	1	0	0	12	0	0	0	31
TOTAL	363	25	5	31	373	11	3	18	829

Employees with disabilities	3	0	0	1	2	0	0	0	6
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6.6 – Disciplinary action for the period 1 April 2008 to 31 March 2009

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	2	0	0	1	0	0	0	0	3

6.7 – Skills development for the period 1 April 2008 to 31 March 2009

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Legislators, Senior Officials and Managers									
Professionals	160	24	17	116	90	2	2	30	441
Technicians and Associate Professionals	331	21	7	45	330	27	12	88	861
Clerks	120	28	1	33	217	31	10	148	588
Service and Sales Workers	40	9	0	15	5	1	0	0	70
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	78	30	11	102	12	0	1	0	234
Plant and Machine Operators and Assemblers	21	13	1	1	1	1	0	0	38
Elementary Occupations	910	340	17	40	895	166	3	9	2380
TOTAL	1690	471	57	369	1569	229	30	282	4697
Employees with disabilities	6	5	0	9	1	2	0	7	30

5.7 Performance rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2007 to 31 March 2008

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	658	1940	33.9	5,201	7,904
Female	696	2052	33.9	4,590	6,595
Asian					
Male	35	54	64.8	358	10,232
Female	26	31	83.9	325	12,484
Coloured					
Male	144	468	30.8	848	5,892
Female	93	231	40.3	482	5,184
White					
Male	212	352	60.2	2,598	12,256
Female	176	231	76.2	1,530	8,692
Employees with a disability	18	37	48.6	125	6,944
Total	2058	5396	38.1	16,058	7,803

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2007 to 31 March 2008

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	744	1403	53	1,881	2,528
Skilled (Levels 3-5)	221	1211	18.2	898	4,063
Highly skilled production (Levels 6-8)	591	1287	45.9	3,886	6,575
Highly skilled supervision (Levels 9-12)	421	988	42.6	6,062	14,399
Contract (Levels 1-2)	2	11	18.2	4	2,000
Contract (Levels 3-5)	0	243	0	0	0
Contract (Levels 6-8)	0	39	0	0	0
Contract (Levels 9-12)	2	80	2.5	20	10,000
Periodical Remuneration	0	199	0	0	0
Abnormal Appointment	0	2170	0	0	0
TOTAL	1981	7631	26	12751	6437

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2007 to 31 March 2008

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Architects town and traffic planners	10	14	71.4	73	7,300
Civil engineering technicians	3	7	42.9	32	10,667
Engineering science related	58	146	39.7	950	16,379
Engineering and related professionals	22	114	19.3	317	14,409
Quantity surveyors and related professionals	30	77	39	351	11,700
Senior Managers	61	93	65.6	2,540	41,639

TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	% of sms Wage Bill
	Number of beneficiaries	Number of employees	% of total within band			
Band A	45	0	0	1,546	3,436	3.3
Band B	26	86	30.2	1,287	4,950	4.3
Band C	5	38	13.2	259	5,180	2.4
Band D	1	10	10	214	21,400	4.1
Total	77	134	57.5	3,306	4,293.5	3.6

5.8 Foreign workers

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

TABLE 8.1 – Foreign Workers, 1 April 2008 to 31 March 2009, by salary band

Salary Band	Employment at Beginning Period	% of Total	Employment at End of Period	% of Total	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Lower skilled (Levels 1-2)	3	15.8	3	6.5	0	0	19	46	27
Highly skilled supervision (Levels 9-12)	7	36.8	4	8.7	-3	-11.1	19	46	27
Senior management (Levels 13-16)	3	15.8	3	6.5	0	0	19	46	27
Contract (Levels 9-12)	5	26.3	36	78.3	31	114.8	19	46	27
Contract (Levels 13-16)	1	5.3	0	0	-1	-3.7	19	46	27
TOTAL	19	100	46	100	27	100	19	46	27

TABLE 8.2 – Foreign Worker, 1 April 2008 to 31 March 2009, by major occupation

Major Occupation	Employment at Beginning Period	% of Total	Employment at End of Period	% of Total	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Elementary occupations	3	15.8	3	6.5	0	0	19	46	27
Professionals and managers	16	84.2	43	93.5	27	100	19	46	27
TOTAL	19	100	46	100	27	100	19	46	27

5.9 Leave utilisation for the period 1 January 2008 to 31 December 2008

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2008 to 31 December 2008

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total no of days with medical certificate
Lower skilled (Levels 1-2)	6668	86.6	846	21.8	8	1,207	5777
Skilled (Levels 3-5)	6654	85.5	824	21.3	8	1,440	5687
Highly skilled production (Levels 6-8)	8378	77.9	1106	28.6	8	3,554	6526
Highly skilled supervision (Levels 9-12)	5145	79.7	769	19.9	7	5,257	4098
Senior management (Levels 13-16)	530	75.1	85	2.2	6	1,173	398
Contract (Levels 1-2)	3	66.7	2	0.1	2	1	2
Contract (Levels 3-5)	705.5	72.6	187	4.8	4	187	512
Contract (Levels 6-8)	87	69	23	0.6	4	4	60
60Contract (Levels 9-12)	153	69.3	29	0.7	5	152	106
Contract (Levels 13-16)	5	100	1	0	5	20	5
TOTAL	28328.5	81.8	3872	100	7	13031	23171

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2008 to 31 December 2008

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total no of employees using disability leave
Lower skilled (Levels 1-2)	269	100	17	39.5	16	48	43
Skilled (Levels 3-5)	230	100	10	23.3	23	47	43
Highly skilled production (Levels 6-8)	181	100	11	25.6	16	81	43
Highly skilled production (Levels 9-12)	119	100	5	11.6	24	111	43
Total	799	100	43	100	19	287	43

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 9.3 – Annual Leave, 1 January 2008 to 31 December 2008

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	26394.56	20	1328
Skilled (Levels 3-5)	29502.28	23	1260
Highly skilled production (Levels 6-8)	28518.96	20	1438
Highly skilled supervision (Levels 9-12)	23091.16	21	1099
Senior management (Levels 13-16)	2807	20	143
Contract (Levels 1-2)	180	11	16
Contract (Levels 3-5)	3161.92	9	366
Contract (Levels 6-8)	457	9	51
Contract (Levels 9-12)	621	13	47
Contract (Levels 13-16)	50	17	3
TOTAL	114783.88	20	5751

TABLE 9.4 – Capped leave, 1 January 2008 to 31 December 2008

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2008	Number of employees who took capped leave	Total number of capped leave available at 31 Dec 2008	Number of Employees as at 31 Dec 2008
Lower skilled (Levels 1-2)	206	3	46	60	30907	667
Skilled (Levels 3-5)	896	8	79	114	76579	969
Highly skilled production (Levels 6-8)	425	5	45	87	21354	477
Highly skilled supervision (Levels 9-12)	333	5	57	62	25647	451
Senior management (Levels 13-16)	43	6	51	7	3133	62
TOTAL	1903	6	60	330	157620	2626

TABLE 9.5 – Leave payouts for the period 1 April 2008 to 31 March 2009

The following table summarises payments made to employees as a result of leave that was not taken.

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2008/09 due to non-utilisation of leave for the previous cycle	101	11	9182
Capped leave payouts on termination of service for 2008/09	2,460	477	5157
Current leave payout on termination of service for 2008/09	1,238	263	4707
TOTAL	3799	751	5059

5.10 HIV and AIDS & health promotion programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk

TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Director: Organizational Development, Ms Lindiswa Skhosana	
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	The department has established two sub directorates under Organisational Development to manage workplace interventions and sector-wide programmes Employee Health and Wellness and Advocacy and Support (1 professional dealing with mainstreaming HIV and AIDs in DPW development programmes)	
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Employee Health and Wellness (5 wellness professionals health and wellness managing 12 Regions) 2) Addressing psycho-social health and wellness issues (responsive programs) 3) Mainstreaming HIV and AIDS in departmental development programmes 4) Change Management interventions 5) Addressing psycho-social health and wellness issues (responsive programs)	
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Committees are established in 6 Regions (details attached)	
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	but the HIV and AIDS Policy is very clear on human rights issues and fair labour practices	No
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures	yes The departmental HIV and AIDS Policy addresses human rights issues Awareness and Education programmes are intended to address amongst others issues of discrimination, stigma and workplace relationships	

7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	yes The department collaborates with the Department of Health and NGOs in providing in house opportunities for Voluntary Counseling and Testing.	
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Utilization of Health and Wellness services Number of employees attending wellness events Number of seminars, workshops and training conducted Sick leave utilization (reduction) Number of employees living openly with HIV	

5.11 Labour relations

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2008 to 31 March 2009

Subject Matter	Date
N/A	

If there were no agreements, then use the following table

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2008 to 31 March 2009

Outcomes of disciplinary hearings	Number	% of total
Total	29	99.7

If there were no disciplinary hearings, then use the following table

Disciplinary hearings – 2008/09	None
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TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	Percentage of Total	Total
Absent from work without reason or permission			
False statement/evidence in execution of duty			
Steals bribes or commits fraud			
TOTAL	41	100	

TABLE 11.4 – Grievances lodged for the period 1 April 2008 to 31 March 2009

	Number	% of Total
Number of grievances resolved	81	79.41
Number of grievances not resolved	21	20.59
Total number of grievances lodged	102	100

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2008 to 31 March 2009

	Number	% of Total
Number of disputes upheld	14	100
Number of disputes dismissed	0	0
Total number of disputes lodged	14	100

TABLE 11.6 – Strike actions for the period 1 April 2008 to 31 March 2009

Total number of person working days lost	
Total cost (R'000) of working days lost	263
Amount (R'000) recovered as a result of no work no pay	R44.647.82

TABLE 11.7 – Precautionary suspensions for the period 1 April 2008 to 31 March 2009

Number of people suspended	13
Number of people whose suspension exceeded 30 days	13
Average number of days suspended	60
Cost (R'000) of suspensions	R451,987.00

5.12 Skills development

This section highlights the efforts of the department with regard to skills development.

12.1 – Training needs identified 1 April 2008 to 31 March 2009

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	26	0	Executive Development Programme, Policy Development & Implementation, Computer Skills, Project and Programme Management, Parliamentary Protocol & Processes, Contract Management, Property Management & Evaluation, Asset Management, Risk Management.	0	26
	Male	36	0	Executive Development Programme, Policy Development & Implementation, Computer Skills, Project and Programme Management, Parliamentary Protocol & Processes, Contract Management, Property Management & Evaluation, Asset Management, Risk Management.	0	36
Professionals, Technicians and associate professionals	Female	99	0	Budgeting, Finance Management & Expense Claims Procedures, HR Planning, Coaching & Mentoring, Curriculum Development, HRMIS, Payroll Admin, Language Auditing, Media Monitoring & Analysis, Design & Layout of Publication, SDF, PERSAL, Management Accounting, HR Policy, Strategy Processes & Procedures, Quality Surveying, MISS & Security Screening, Government Transversal System, PMFA, DC Codes.	0	99
	Male	165	0	Budgeting, Finance Management & Expense Claims Procedures, HR Planning, Coaching & Mentoring, Curriculum Development, HRMIS, Payroll Admin, Language Auditing, Media Monitoring & Analysis, Design & Layout of Publication, SDF, PERSAL, Management Accounting, HR Policy, Strategy Processes & Procedures, Quality Surveying, MISS & Security Screening, Government Transversal System, PMFA, DC Codes.	0	165
Clerks	Female	197	0	Departmental IT System, Project Management, Information Security, Network Maintenance, Quality Assurance, Civil; & Technical Knowledge, Procurement Processes & Procedures, Data Communication & Network, Architectural Legislation.	0	197
	Male	169	0	Departmental IT System, Project Management, Information Security, Network Maintenance, Quality Assurance, Civil; & Technical Knowledge, Procurement Processes & Procedures, Data Communication & Network, Architectural Legislation.	0	169

Service and sales workers	Female	260	0	LOGIS, BAS, PIMS, Provisioning & Office Administration, Procurement Standards, Report Writing, Tender Procedures, Customer Care, Computer Skills, Time Management, Finance Skills, Constrcution Regulations.	0	260
	Male	183	0	LOGIS, BAS, PIMS, Provisioning & Office Administration, Procurement Standards, Report Writing, Tender Procedures, Customer Care, Computer Skills, Time Management, Finance Skills, Constrcution Regulations.	0	183
Skilled agriculture and fishery workers	Female	8	0	Communication Skills, Client Care, Batho Pele, HIV/AIDS Advocacy, Customer Billing.	0	8
	Male	86	0	Communication Skills, Client Care, Batho Pele, HIV/AIDS Advocacy, Customer Billing.	0	86
Craft and related trades workers	Female	23	0	Gardening Services, Pest Controlling, Record Keeping, Mecahnical Engineering, Construction Law, Town Planning, Machine Operation, Health & SAFETY, Facilities Management, Painting, Plumbing, Tiling, Welding.	0	23
	Male	168	0	Gardening Services, Pest Controlling, Record Keeping, Mecahnical Engineering, Construction Law, Town Planning, Machine Operation, Health & SAFETY, Facilities Management, Painting, Plumbing, Tiling, Welding.	0	168
Plant and machine operators and assemblers	Female	2	0	Driving Skills, Client Care, ABET/ AFET, Life Skills, Professional Gardening Services.	0	2
	Male	37	0	Driving Skills, Client Care, ABET/ AFET, Life Skills, Professional Gardening Services.	0	37
Elementary occupations	Female	552	0	Communication Skills, Basic Numeracy Skills, Basic Literacy Skills.	0	552
	Male	733	0	Communication Skills, Basic Numeracy Skills, Basic Literacy Skills.	0	733
Gender sub totals	Female	1167	118	0	0	1167
	Male	1577	0	0	0	1577

12.2 – Training provided 1 April 2007 to 31 March 2008

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	109	0	International Excellence,	0	109
	Male	109	0	International Excellence,	0	109
Professionals, Technicians and associate professionals	Female	120	0	Organizational & Career Guidance, Cost Management Accounting, Building Architect, Building Science.	0	120
	Male	133	0	Organizational & Career Guidance, Cost Management Accounting, Building Architect, Building Science.	0	133
Clerks	Female	93	77	SAMTRAC, Property Payment & Revenue, ND Real Estate.	0	93
	Male	84	0	SAMTRAC, Property Payment & Revenue, ND Real Estate.	0	84
Service and sales workers	Female	10	0	Supply Chain Management, Human Resources Management.	0	10
	Male	7	0	Supply Chain Management, Human Resources Management.	0	7
Skilled agriculture and fishery workers	Female	0	0	Logistics Management, AA Works.	0	0
	Male	0	0	Logistics Management, AA Works.	0	0
Craft and related trades workers	Female	7	0	Architectural Solutions to Enrgy, Interior Deco.	0	7
	Male	9	0	Architectural Solutions to Enrgy, Interior Deco.	0	9
Plant and machine operators and assemblers	Female	29	0	Telephone Skills,	0	29
	Male	18	0	Telephone Skills,	0	18
Elementary occupations	Female	58	0	ABET	0	58
	Male	15	0	ABET	0	15
Gender sub totals	Female	426	0	0	0	426
	Male	375	0	0	0	375
Total		801	0	0	0	801



5.13 Injury on duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2008 to 31 March 2009

Nature of injury on duty	Number	% of total
Required basic medical attention only	32	80
Temporary Total Disablement	8	20
Permanent Disablement	0	0
Fatal	0	0
Total	40	

5.14 Utilisation of consultants

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
N/A			
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A			

Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
N/A			

Table 14.3 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
N/A			
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A			

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
N/A			

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