

# Public Works

## Aim

*The aim of the Department of Public Works is to provide and manage in accordance with prescribed standards and directives, accommodation, housing, land and infrastructural needs of national departments as well as to render associated and supporting services and to promote the National Public Works Programme.*

## Policy developments

The Department of Public Works aims to contribute to reconstruction and development through increasing investments in Public Works and dynamic changes in the Department's approach to property management. This is reflected in a number of initiatives that the department has undertaken over the past three years:

- Compilation of an asset register which has identified a number of buildings in the State's portfolio as either vacant or under-utilised, often because of lack of maintenance and deteriorating quality. R619 million has been allocated to the Department for maintenance and rehabilitation of the national state assets in 2000/01. Addressing the maintenance and rehabilitation backlog will help reduce the need to construct and procure new buildings.
- Reuse and disposal of redundant military bases, and disposal of redundant houses.
- A "user pays" initiative under which Government properties will be funded by cost recovery from their users.
- Formulation of a Property Act which will foster uniform approaches, and address duplication, inconsistencies and inefficiencies amongst different Government agencies that deal with acquisition, management and disposal of fixed property.

The Department has developed its Affirmative Procurement Policy (APP) as a structured approach to black economic empowerment. The APP provides employment and business opportunities for previously disadvantaged individuals. It enables public procurement to contribute to achievement of government's social objectives.

## Expenditure estimates

**Table 10.1 Expenditure by programme**

R million	Expenditure outcome			Revised estimate 1999/00	Medium-term expenditure estimate		
	1996/97	1997/98	1998/99		2000/01	2001/02	2002/03
Administration	80,5	75,2	96,7	107,2	120,1	122,0	125,5
Provision of land and accommodation	2 438,7	2 915,5	3 625,7	3 689,5	3 921,7	3 914,0	4 298,3
National Public Works Programme	–	–	117,4	404,5	400,0	402,0	405,0
Auxiliary and associated services	325,6	371,7	13,7	13,4	10,4	13,1	14,3
<b>Departmental vote <sup>1</sup></b>	<b>2 847,7</b>	<b>3 364,0</b>	<b>3 858,0</b>	<b>4 214,7</b>	<b>4 452,2</b>	<b>4 451,0</b>	<b>4 4843,0</b>
<i>Less</i>							
Capital works for other departments	391,1	543,5	1 291,0	1 269,4	1 007,3	914,1	1 082,1
<b>Total</b>	<b>2 456,6</b>	<b>2 820,5</b>	<b>2 567,0</b>	<b>2 945,3</b>	<b>3 444,9</b>	<b>3 536,9</b>	<b>3 760,9</b>
Change to 1999 Budget estimate	–	–	–	(204,2)	56,3	22,6	–

<sup>1</sup> Includes authorised losses of R2,8 million in 1996/97, R1,7 million in 1997/98 and R4,4 million in 1998/99.

The removal of *Capital works for other departments* from the final total reflects the treatment of this element of *Provision of land and accommodation* within the Medium Term Expenditure Framework. This provision, although on the Public Works vote, is allocated within the MTEF provision of the departments which it benefits. These amounts are shown in Table 10.6 and reflected in expenditure by programme tables for the relevant departments.

- *Administration* provides the overall management of the Department and renders support services.
- *Provision of land and accommodation* provides accommodation, housing, land and infrastructural needs of departments.
- *National public works programme* enhances and transforms the delivery of infrastructure to meet physical, social and economic needs of South Africa's population.
- *Auxiliary and associated services* provides for various services.

**Table 10.2 Economic classification of expenditure**

R million	Expenditure outcome			Revised estimate 1999/00	Medium-term expenditure estimate		
	1996/97	1997/98	1998/99		2000/01	2001/02	2002/03
Current							
Personnel	270,5	248,3	256,2	261,8	305,8	328,5	352,6
Transfer payments	165,3	127,3	12,9	13,0	18,8	21,4	22,6
Other	1 577,1	1 895,2	2 092,0	2 349,5	2 721,7	2 759,2	2 906,7
Capital							
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	443,6	549,7	205,8	321,0	398,7	427,7	479,0
<b>Total</b>	<b>2 456,6</b>	<b>2 820,5</b>	<b>2 567,0</b>	<b>2 945,3</b>	<b>3 444,9</b>	<b>3 536,9</b>	<b>3 760,9</b>

Spending on personnel increases from R261,8 million in 1999/00 to R305,8 million in 2000/01, rising to R352,6 million by 2002/03. This is due to improvements of conditions of service and increased subsistence and travel expenses.

Higher charges for municipal services and property rates have increased costs classified as *other* current expenditure. The increase in capital costs from R321,0 million in 1999/00 to R398,7 million in 2000/01 is attributable to computer equipment replacement, office equipment and telephone systems.

## Programme 1: Administration

**Table 10.3 Programme expenditure**

R million	Budget estimate	Adjusted appropriation 1999/00	Preliminary outcome	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	111,1	109,8	107,2	115,8	120,4	–
<b>2000 Budget</b>	–	–	–	<b>120,1</b>	<b>122,0</b>	<b>125,5</b>
Change to 1999 Budget estimate	–	(1,3)	(3,9)	4,3	1,6	–

In addition to policy formulation, *Administration* also provides for organisation of the Department, management of departmental personnel, determination of working methods and exercise of control through head and regional offices.

## Programme 2: Provision of land and accommodation

**Table 10.4 Programme expenditure**

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	3 659,7	4 019,0	3 689,5	4 055,3	4 383,3	–
<b>2000 Budget</b>	–	–	–	<b>3 921,7</b>	<b>3 914,0</b>	<b>4 298,3</b>
Change to 1999 Budget estimate	–	359,3	29,8	(133,6)	(469,3)	–

The rise in 1999/00 expenditure in the adjusted appropriation is largely comprised of increases in capital works for Correctional Services (R124 million), Foreign Affairs (R104 million) Home Affairs (R68 million) and the South African Police Service (R29 million). The decline in projected spending in the revised estimate is due to underspending on more routine work.

The fall in the programme's 2000/01 and 2002/03 expenditure since the 1999 Budget primarily results from use of public-private partnerships (PPPs) by the Department of Correctional Services. Government is increasingly focusing on PPPs as a mechanism for service delivery which can provide better value for money than conventional procurement.

The Department of Public Works is working with Correctional Services to build two maximum-security prisons. These "Asset Procurement and Operating Partnership System" (APOPS) facilities are located in Bloemfontein and Louis Trichardt. Each will hold approximately 3 000 prisoners. It is expected that both establishments will be operational in April 2001. The financing of APOPS means that up-front capital expenditure is replaced by later payments which are linked to the service provided by the private sector partner.

The aim of the programme is to provide accommodation, housing, land and infrastructural needs of departments. This includes:

- Efficient disposal (sale and letting), repositioning and ensuring optimum utilisation of State-owned properties.

- Using redundant properties to yield maximum short, medium and long-term financial and social returns.
- Ensuring adequate levels of maintenance so that the needs of user departments are met, and the value of the property assets is enhanced.

The programme also works to promote implementation of the socio-economic objectives of Government within the construction and the property industries including:

- Promotion of empowerment and advancement of previously disadvantaged individuals, and of small, medium and micro enterprises, in construction, property ownership, leasing and maintenance of properties.
- Promotion of skills development and job creation in the construction and property industries.

The work of this programme will be transformed by a “user pays” reform which will transfer funding to user departments, which will rent property from the Department. This innovation will yield improved efficiency and service delivery with a general improvement in the governance of state property and responsiveness to users’ needs.

## Outputs and service delivery trends

**Table 10.5 Provision of land and accommodation: Key activities and outputs**

Key activities	Outputs
Custodianship	Manages 98 655 national properties Manages 16 034 provincial properties
Management of leases	Manages 5 530 leased properties
<i>Land, buildings and structures:</i>	
Provision and management of land, buildings and structures	Number of projects undertaken include: 2 106 projects under R5 million 198 projects between R5 million – R50 million 16 projects over R50 million
Creation of jobs	18 jobs created per R1 million capital investment 20 per cent capital works budget awarded to affirmative business enterprises

At present government properties include 16,3 million square metres of office or functional properties, 5,5 million square metres of living quarters and 1,18 billion square metres of land parcels. The provision of land and accommodation programme currently employs 3 180 personnel.

The Department aims to allocate 20 per cent of all opportunities to render services relating to acquisition or disposal of immovable property to previously disadvantaged individuals (PDIs) or joint ventures involving PDIs.

The programme seeks to reduce service costs on state properties by 10 per cent through disposal of redundant state properties.

**Table 10.6 Amounts for capital works reflected in the Medium-Term Expenditure Frameworks of user departments**

R million	Expenditure outcome			Revised estimate	Medium-term expenditure estimate		
	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Agriculture	1,3	9,3	7,8	13,5	14,0	14,1	14,7
Arts, Culture, Science and Technology	–	–	39,4	44,3	31,0	32,1	32,3
Correctional Services	256,6	382,8	762,5	587,2	581,1	435,1	602,5
Defence	63,8	63,7	73,7	49,0	49,8	51,6	53,6
Environmental Affairs and Tourism	–	–	2,7	–	4,9	4,7	3,9
Foreign Affairs	–	0,6	120,3	144,9	–	–	–
Health	–	–	10,2	9,5	13,2	16,2	5,3
Home Affairs	–	–	23,3	96,6	15,2	17,4	5,5
Justice and Constitutional Development	31,7	36,2	103,8	144,7	154,9	183,8	191,1
Labour	–	–	15,0	24,3	28,2	29,2	30,4
Land Affairs	–	–	2,7	–	5,1	9,4	12,1
South African Police Service	37,7	50,9	129,6	155,4	104,9	115,7	125,8
Trade and Industry	–	–	–	–	5,0	5,0	5,0
<b>Subtotal</b>	<b>391,1</b>	<b>543,5</b>	<b>1 291,0</b>	<b>1 269,4</b>	<b>1 007,3</b>	<b>914,1</b>	<b>1 082,1</b>
Public Works <sup>1</sup>	62,8	82,7	88,2	31,3	32,0	26,6	25,6
<b>Total</b>	<b>453,9</b>	<b>626,2</b>	<b>1 379,2</b>	<b>1 300,8</b>	<b>1 039,2</b>	<b>940,8</b>	<b>1 107,8</b>

<sup>1</sup> Up to 1997/98 the Public Works line includes projects on behalf of other departments or institutions not classified.

### Programme 3: National public works programme

**Table 10.7 Programme expenditure**

R million	Budget estimate	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
		1999/00		2000/01	2001/02	2002/03
1999 Budget	293,3	670,1	404,5	393,9	294,6	–
<b>2000 Budget</b>	–	–	–	<b>400,0</b>	<b>402,0</b>	<b>405,0</b>
Change to 1999 Budget estimate	–	376,8	111,2	6,1	107,4	–

The aim of the *National public works programme* is to enhance and transform the delivery of infrastructure to meet the physical, social and economic needs of South Africa's population through the Community Based Public Works Programme (CBPWP) and the Construction Industry Development Programme (CIDP).

The 1999 Adjustments Estimate allocated an additional R103 million for poverty relief projects and R274 million rolled-over on the CBPWP from 1998/99, but it is anticipated that not all the programme's provision will be spent in 1999/00.

The increase in the estimate for 2001/02 of R107,4 million is for roads projects relating to the Wildcoast and Lubombo Spatial Development Initiatives in Eastern Cape and KwaZulu-Natal.

## Outputs and service delivery trends

**Table 10.8 National Public Works Programme: Key activities and outputs**

Key activities	Outputs
Managing the implementation of job creation projects targeted at the poorest rural areas	Implementation of training programme for youth and women on major capital works projects, with 535 youths (40% women) receiving accredited training. 80% of those trained have found employment.
Supporting emerging contractors	<p>Help desks to support emerging black contractors regarding work opportunities, training, information, finance and credit</p> <p>A database of emerging contractors to monitor performance and create a track record</p> <p>1500 black contractors registered on the database</p> <p>Development with the International Labour Organisation and industry stakeholders of a national Contractor Entrepreneurial Training Programme (CET) comprising 12 training modules and the training of 47 trainers around the country.</p> <p>470 contractors trained through the CET programme.</p> <p>Development and implementation of a mentorship programme to support the empowerment of prime black contractors &amp; subcontractors on major projects.</p>

The Community Based Public Works Programme:

- Creates productive assets such as community gardens, access roads, day care centres and sport complexes
- Empowers the poor, and particularly rural communities
- Creates jobs and develops human resources
- Promotes rural economic viability
- Builds the capacity of local authorities.

In November 1997, the CBPWP was allocated an amount of R85 million from the Anti-poverty fund. This amount was targeted at Eastern Cape, KwaZulu Natal and Northern Province, and allocated to a total of 156 projects, employing over 10 000 people as indicated in table 10.9.

**Table 10.9 Job Opportunities Created during 1997/98**

	Eastern Cape	KwaZulu Natal	Northern Province
No of projects	53	61	42
Persons employed	4 902	1 413	4 173
<i>Men</i>	2 595	686	2 018
<i>Women</i>	2 307	558	2 155

During 1998/99, the Department sought to cover those areas in Eastern Cape, KwaZulu-Natal and Northern Province that had not been covered the previous year. The R274 million was allocated to a total of 340 projects, employing over 19 000 people as indicated in table 10.10.

**Table 10.10 Job Opportunities Created during 1998/99**

	Eastern Cape	KwaZulu-Natal	Northern Province
No of projects	153	119	68
Persons employed	9 306	5 186	4 894
<i>Men</i>	5 986	3 470	2 667
<i>Women</i>	3 320	1 716	2 227

The Construction Industry Development Programme (CIDP) has developed a comprehensive industry development strategy, and is managing a process to establish a statutory Construction

Industry Development Board (CIDB) that will implement this strategy within the public and private sectors.

The CIDP is geared to promoting:

- Enhanced infrastructure delivery
- Improved industry performance, best practice and value for money
- Stability, sustainable job creation and human resource development
- Growth of the emerging black contractor sector
- Improved public sector delivery management
- National, regional and global competitiveness.

The CIDP has established 'help desks' in six regional offices to support emerging black contractors, improving their access to work opportunities, training, information, finance and credit. The programme has registered 1 500 black contractors on a database to monitor performance.

The Department has developed a national Contractor Entrepreneurial Training Programme (CET) in collaboration with the International Labour Organisation and industry stakeholders. The programme has trained 470 contractors so far. The Department has also developed and implemented a mentorship programme to support the empowerment of black contractors on major programmes.

Policy Development on *Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry* was published in May 1999. It sets out a comprehensive industry development strategy and the institutional arrangements to support its implementation, including the establishment of a Construction Industry Development Board. Key thrusts of the strategy to promote enhanced infrastructure delivery are grouped in several programmes that address reduced demand volatility, enhanced industry stability and sustainable employment, as the basis for:

- Human resource development and industry skill formation
- Enhanced industry performance and best practice to promote value for money to clients
- Growth and the development of emerging black contractors
- Improved public sector delivery management.

Draft legislation to establish the Construction Industry Development Board was published for public comment in January 2000. It is anticipated that the CIDB will be operational by the end of 2000.

The CBPWP was evaluated by the International Labour Organisation (ILO) and the Community Agency for Social Enquiry (CASE). The evaluation highlighted the need for realignment of the programme, especially in terms of its focus, institutional arrangements and the socio-economic sustainability of the programme. In preparation for the realignment a pre-implementation task team was set up to map out the strategic direction that was later adopted by the Department. As a result of this exercise, the programme is now targeting women-headed households and poverty pockets in the rural areas. The emphasis is on locating productive assets together, which results in sustainable employment creation.

## Programme 4: Auxiliary and associated services

**Table 10.11 Programme Expenditure**

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	13,4	13,4	13,4	14,4	15,4	–
<b>2000 Budget</b>	–	–	–	<b>10,4</b>	<b>13,1</b>	<b>14,3</b>
Change to 1999 Budget estimate	–	–	–	(4,0)	(2,3)	–

*Auxiliary and associated services* comprises compensation for losses incurred on the state-assisted housing scheme where public servants fail to fulfil their obligations and assistance to organisations for the preservation of national memorials and grants-in-aid.

### Outputs and service delivery trends

**Table 10.12 Auxiliary and associated services: Key activities and outputs**

Key activities	Outputs
<b>Compensation for losses</b>	
Compensation for losses on the State-assisted Housing Scheme	Compensation guaranteed on default to financial institutions which participated in the scheme. Government then aims to recover these amounts from the defaulting party
<b>Assistance to organisations for the preservation of national memorials</b>	
Financial assistance to organisations	R6,8 million financial assistance to the Commonwealth and UN World Commissions
<b>Grants-in-aid</b>	
Payment of grants to PSA restaurants, Meintjieskop restaurant	Grants-in-aid to Government catering establishments