

Vote 6

Public Works

R thousand	2006/07 To be appropriated	2007/08	2008/09
MTEF allocations	3 080 181	3 494 610	3 873 159
<i>of which:</i>			
Current payments	1 251 595	1 311 341	1 382 838
Transfers and subsidies	1 226 310	1 361 121	1 456 048
Payments for capital assets	602 276	822 148	1 034 273
Statutory amounts	-	-	-
Executive authority	Minister of Public Works		
Accounting officer	Director-General of Public Works		

Aim

The Department of Public Works aims to: provide and manage the accommodation, housing, land and infrastructure needs of national departments; co-ordinate the national expanded public works programme; and optimise growth, employment and transformation in the construction and property industries.

Programme purposes

Programme 1: Administration

Provide strategic leadership, support services and overall management of the department.

Programme 2: Provision of Land and Accommodation

Provide and manage an immovable property portfolio which supports the economical and efficient delivery of various government services.

Programme 3: National Public Works Programme

Promote the growth and transformation of the construction and property industries; promote uniformity and best practice in construction and immovable asset management in the public sector; and co-ordinate the national implementation of the expanded public works programme.

Programme 4: Auxiliary and Associated Services

Provide for various services including: compensation for losses on the government-assisted housing scheme; assistance to organisations for the preservation of national memorials; grants-in-aid; and meeting protocol responsibilities on state functions.

Strategic overview and key policy developments: 2002/03 – 2008/09

The Department of Public Works is committed to managing and improving the state's immovable property portfolio.

Devolution of accommodation-related budgets

From April 2006, the devolution of accommodation costs will be implemented. Client departments will be charged for using accommodation facilities, for both state-owned properties and leased properties. The department will create a trading entity, which will be used for recording receipts, payments and service charges relating to the provision of accommodation to departments. The affected departments will then be required to pay a commensurate charge for using state-owned and leased properties. The funds will be used to manage, maintain and replace state-owned properties and pay for leases to third parties on behalf of departments. Departments will have to enter into a memorandum of understanding with the Department of Public Works which specifies the roles and responsibilities of the two parties.

Four key objectives and three strategic drivers

The Department of Public Works has identified four key objectives for the medium-term expenditure framework (MTEF) period:

- improve the management of the state's immovable property portfolio
- use accommodation-related programmes, such as maintenance contracts, to contribute to economic growth
- contribute to job creation and poverty alleviation through further rollout of the expanded public works programme
- provide leadership in the transformation of the construction and property industries.

To achieve these, three strategic drivers have been identified:

- The first is service. This largely comprises the implementation of the service delivery improvement programme, which will define service delivery and quality standards to improve work planning, resource allocation and work management.
- The second is capacity. The 1997 Public Works White Paper on the skills of employees identified the need for a human resources development programme aligned with the skills and competencies required to manage the department's core business.
- The third is asset management. The focus will be on improving the implementation of asset management policies, ensuring an acceptable return on investment from government properties, and implementing the devolution of accommodation-related budgets to departments, and the management of fixed property (as will be legislated from the government-wide immovable asset management policy). The latter two both flow from the 1997 Public Works White Paper.

The expanded public works programme

The expanded public works programme is one of many government interventions which aim to create additional work opportunities and training to address unemployment and poverty. Through using labour intensive methods to deliver government services, the programme aims to give unemployed people a chance to get work experience and training and so improve their chances in the labour market.

The Department of Public Works co-ordinates the expanded public works programme across all spheres of government, making sure that its national objectives and targets are met. The department is also responsible for informing the public about the programme.

Service delivery improvement programme

The service delivery improvement programme was initiated in 2005/06 to help the department define service delivery and quality standards to the satisfaction of its clients. The initial phase of the programme will be implemented over three years and will focus on customer relationship

management, project and contract management, property management and in-house facilities management.

Re Kgabisa Tshwane programme

In 2004, the Re Kgabisa Tshwane programme was implemented in response to a mandate from the presidential programme of action. A partnership involving the Department of Public Works, the Department of Public Service and Administration and the City of Tshwane metropolitan municipality, aims to develop a framework for improving the physical working environment of national government departments in the inner city of Tshwane. Government will also achieve substantial economies of scale with departments sharing services and facilities like auditoria, archives and communication facilities. The public will benefit from a more productive and accessible public service. Government's continued investment in the inner city will also stimulate private sector investment and create opportunities for small, micro and medium enterprises (SMME) and broad-based black economic empowerment (BEE) service providers and entrepreneurs.

Contribution to Nepad

In line with the New Partnership for Africa's Development (Nepad) principles, a joint peacekeeping skills development project is being implemented in conjunction with the Department of Defence. The department has also started establishing a forum of Southern African Development Community (SADC) ministers of public works to strengthen the construction industry regionally.

Expenditure estimates

Table 6.1 Public Works

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	
R thousand								
1. Administration	374 393	419 796	497 052	551 880	592 086	593 211	607 830	643 249
2. Provision of Land and Accommodation	1 049 317	1 280 552	1 608 660	1 668 193	1 417 986	2 369 024	2 762 080	3 095 211
3. National Public Works Programme	306 449	310 644	96 875	121 391	121 391	98 808	104 605	113 321
4. Auxiliary and Associated Services	15 210	13 517	41 822	17 407	17 407	19 138	20 095	21 378
Total	1 745 369	2 024 509	2 244 409	2 358 871	2 148 870	3 080 181	3 494 610	3 873 159
Change to 2005 Budget estimate				(3 195 180)	(3 405 181)	(2 879 599)	(3 082 996)	(3 124 414)

Economic classification

	784 922	859 174	1 185 928	1 122 610	1 120 273	1 251 595	1 311 341	1 382 838
Current payments								
Compensation of employees	350 066	420 645	450 944	539 555	539 555	655 829	708 544	753 749
Goods and services	395 644	431 796	663 232	583 055	571 630	595 766	602 797	629 089
<i>of which:</i>								
Communication	20 086	21 711	21 129	18 491	18 491	19 396	19 584	20 586
Computer Services	8 778	9 736	10 828	13 216	13 216	13 862	12 550	13 198
Consultants, contractors and special services	59 292	58 596	82 305	95 110	95 110	69 203	71 968	78 372
Inventory	30 953	25 409	29 070	36 643	36 643	38 459	51 874	54 340
Maintenance repair and running cost	9 542	992	68 966	21 575	21 575	26 583	27 861	29 154
Operating leases	101 615	114 722	138 058	186 575	186 575	163 822	178 515	192 173
Travel and subsistence	46 530	49 174	59 024	52 360	52 360	61 517	61 543	63 778
Owned and Leasedhold property expenditure	71 456	75 379	79 133	85 407	85 406	100 063	108 596	115 433
Interest and rent on land	5 164	4 531	–	–	9 088	–	–	–
Financial transactions in assets and liabilities	34 048	2 202	71 752	–	–	–	–	–

Table 6.1 Public Works (continues)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
Transfers and subsidies	765 082	818 956	723 034	694 244	696 116	1 226 310	1 361 121	1 456 048
Provinces and municipalities	736 793	785 135	676 923	643 558	643 558	710 452	836 570	889 325
Departmental agencies and accounts	16 870	24 542	29 864	37 566	37 566	501 577	509 634	550 873
Public corporations and private enterprises	–	–	47	50	50	254	254	254
Foreign governments and international organisations	11 314	9 279	14 282	12 651	12 651	13 916	14 612	15 545
Households	105	–	1 918	419	2 291	111	51	51
Payments for capital assets	195 365	346 379	335 447	542 017	332 481	602 276	822 148	1 034 273
Buildings and other fixed structures	165 562	326 054	292 919	469 287	259 287	545 797	781 050	993 100
Machinery and equipment	26 357	20 298	42 504	72 653	72 653	56 479	41 098	41 173
Software and other intangible assets	–	–	24	77	541	–	–	–
Land and subsoil assets	3 446	27	–	–	–	–	–	–
Total	1 745 369	2 024 509	2 244 409	2 358 871	2 148 870	3 080 181	3 494 610	3 873 159

Expenditure trends

Expenditure increased steadily from R1,7 billion in 2002/03 to R2,4 billion in 2005/06, an average annual rate of 10,6 per cent. The sharp increase of 10,9 per cent in 2004/05 was due to additional funds allocated for arrears on municipal rates and services. A 5,1 per cent increase in 2005/06 reflects this one-off allocation.

In 2006/07, there is a large increase of 30,6 per cent because of a special allocation earmarked for a start-up capital contribution for the new trading entity. The increase also provides additional funds for the expanded public works programme, the Re Kgabisa Tshwane programme and ports of entry (such as road and railway border posts, international airports, and harbours). Expenditure for 2007/08 and 2008/09 is expected to rise by 13,5 per cent and 10,8 per cent respectively. Additional funding for the expanded public works programme, the Re Kgabisa Tshwane programme and ports of entry calculated against the net effect of the devolution of funds to other votes has reduced the department's baseline allocation over the 2006 MTEF period.

Departmental receipts

The main sources of revenue for the department are letting property and official quarters, and the sale of state-owned land, buildings and structures, including redundant military bases and properties that are no longer cost-effective to maintain. Over the past three years, average revenue collection per year was about R37 million. The significant increase in 2006/07 is because of one state-owned property (worth around R300 million) that will be disposed of in that year.

Table 6.2 Departmental receipts

R thousand	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Departmental receipts	34 166	36 017	41 194	76 759	314 360	63 687	67 751
Sales of goods and services produced by department	10 402	10 809	22 917	18 826	10 456	10 303	10 960
Sales of scrap, waste and other used current goods	74	10	281	8	9	8	8
Fines, penalties and forfeits	1 633	2 710	2 262	842	999	1 000	1 064
Interest, dividends and rent on land	2 349	1 600	1 762	1 004	1 030	1 000	1 063
Sales of capital assets	10 197	8 002	8 291	46 444	300 500	50 000	53 192
Financial transactions in assets and liabilities	9 511	12 886	5 681	9 635	1 366	1 376	1 464
Total	34 166	36 017	41 194	76 759	314 360	63 687	67 751

Programme 1: Administration

Administration provides strategic leadership, support services and overall management of the department.

Expenditure estimates

Table 6.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Minister ¹	691	707	798	837	887	934	981
Deputy Minister ²	536	539	609	618	655	690	725
Management	66 309	77 711	46 583	54 671	74 673	71 758	76 145
Corporate Services	143 305	161 359	243 810	274 152	269 636	264 993	276 652
Property Management	163 552	179 480	205 252	221 602	247 360	269 455	288 746
Total	374 393	419 796	497 052	551 880	593 211	607 830	643 249
Change to 2005 Budget estimate				279 878	262 580	263 014	276 417

¹ Payable as from 1 April 2005. Salary: R669 462. Car allowance: R167 365.

² Payable as from 1 April 2005. Salary: R494 661. Car allowance: R123 665.

Economic classification

	360 876	399 947	472 174	494 222	551 652	581 310	616 678
Current payments							
Compensation of employees	91 064	96 951	119 028	156 291	181 784	191 923	204 168
Goods and services	269 795	302 996	353 146	337 931	369 868	389 387	412 510
<i>of which:</i>							
Communication	15 247	16 742	18 082	15 042	15 794	15 803	16 593
Computer services	8 476	9 418	10 464	12 856	13 499	12 174	12 782
Consultants, contractors and special services	27 405	37 513	33 484	36 726	38 562	38 490	39 415
Inventory	8 427	7 621	7 864	9 871	10 365	9 883	10 222
Operating leases	94 747	106 892	129 055	139 151	150 401	164 117	176 735
Travel and subsistence	25 748	28 609	31 788	32 260	33 873	32 567	33 195
Owned and Leasedhold property expenditure	71 456	75 379	79 133	85 407	100 063	108 596	115 433
Financial transactions in assets and liabilities	17	–	–	–	–	–	–
Transfers and subsidies	383	–	469	489	200	100	100
Provinces and municipalities	284	–	348	379	100	–	–
Public corporations and private enterprises	–	–	43	50	50	50	50
Households	99	–	78	60	50	50	50

Table 6.3 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Payments for capital assets	13 134	19 849	24 409	57 169	41 359	26 420	26 471
Buildings and other fixed structures	274	–	–	–	–	–	–
Machinery and equipment	12 860	19 849	24 387	57 169	41 359	26 420	26 471
Software and other intangible assets	–	–	22	–	–	–	–
Total	374 393	419 796	497 052	551 880	593 211	607 830	643 249

Expenditure trends

Expenditure increases strongly from R374,4 million in 2002/03 to R551,9 million in 2005/06, an average annual increase of 13,8 per cent. The sharp increases in 2003/04 by 12,1 per cent and in 2004/05 by 18,4 per cent are because of the department's improved management and administrative capacity and information systems. The increase of 11 per cent in 2005/06 is because of upgrading an integrated information system.

Over the MTEF, the rate of increase slows down to an average of about 5,2 per cent. As part of the department's devolution process provision was made for the management costs of properties belonging to the department. From 1 April 2006, costs for leases and accommodation charges will be devolved from the Department of Public Works to individual departments. The Department of Public Works received the following amounts: R247,4 million in 2006/07, R269,5 million in 2007/08 and R288,7 million in 2008/09. Expenditure has been adjusted for 2002/03 to 2005/06.

Programme 2: Provision of Land and Accommodation

The *Provision of Land and Accommodation* programme's main objective is to provide and manage state-owned immovable property, accommodating all national departments and institutions in improved, suitable and economical properties that help them deliver on their mandate.

There are four subprogrammes:

- *Capital Works (Public Works)* funds the acquisition and construction of infrastructure for other national departments.
- *Property Management* funds the accommodation solutions that the department will implement for client departments, which will be accounted for through the trading entity.
- *Asset Management* ensures that the immovable property portfolio that is owned and used for delivering various government services yields functional, economical and social benefits to the state.
- *Augmentation of the Property Management Trading Entity* is a special subprogramme created to receive funds to be transferred to the new trading entity.

Expenditure estimates

Table 6.4 Provision of Land and Accommodation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Capital Works (Public Works)	120 621	271 069	292 655	372 180	493 450	713 450	896 208
Property Management							
of which:							
Office Accommodation, Official Quarters and Unimproved Property	6 729	7 684	8 849	47 292	9 900	10 701	11 556
Maintenance, Repair and Renovation of Buildings	53 267	54 763	65 959	76 985	73 347	89 600	119 892
Cleaning of Buildings and Tending of Gardens	127 174	63 594	160 899	152 658	158 292	170 172	183 621
Municipal Services	13 482	14 223	57 415	16 115	18 830	20 435	21 720
Rates on State Properties	476 343	522 748	675 615	642 230	710 131	836 570	889 325
Administration	–	–	148 247	9 227	223 087	237 623	228 570
Asset Management							
of which:							
Construction Advisory Services	34 251	26 794	1 090	42 749	3 096	3 268	3 456
Property Advisory Services	90 456	70 764	7	112 899	8 002	8 556	9 161
Key Accounts Management	116 886	169 671	15 305	183 241	25 000	26 717	28 701
Asset Procurement and Operating Partnership System	4 338	3 394	2 862	5 415	3 207	3 461	3 738
Administration	5 770	75 848	179 757	7 202	192 682	185 527	201 263
Augmentation of the Property Management Trading Entity	–	–	–	–	450 000	456 000	498 000
Total	1 049 317	1 280 552	1 608 660	1 668 193	2 369 024	2 762 080	3 095 211
Change to 2005 Budget estimate				(3 513 150)	(3 154 601)	(3 359 960)	(3 417 709)

Economic classification

Current payments	390 974	431 723	619 424	540 295	647 650	673 828	700 146
Compensation of employees	251 553	314 994	317 313	363 625	455 394	497 038	528 749
Goods and services	100 255	110 020	230 359	176 670	192 256	176 790	171 397
of which:							
Communication	4 611	4 729	2 793	3 221	3 382	3 551	3 729
Consultants, contractors and special services	18 345	11 934	7 913	4 862	6 401	6 721	7 057
Inventory	22 162	17 405	20 803	26 413	27 734	41 621	43 702
Maintenance repair and running cost	8 600	–	67 923	20 000	24 929	26 125	27 331
Operating leases	6 729	7 684	8 857	47 292	13 282	14 252	15 285
Travel and subsistence	18 804	18 738	23 719	17 152	24 644	25 876	27 170
Interest and rent on land	5 164	4 531	–	–	–	–	–
Financial transactions in assets and liabilities	34 002	2 178	71 752	–	–	–	–
Transfers and subsidies	476 672	522 748	678 276	643 480	1 160 607	1 292 774	1 387 529
Provinces and municipalities	476 666	522 748	676 530	643 122	710 343	836 570	889 325
Departmental agencies and accounts	–	–	–	–	450 000	456 000	498 000
Public corporations and private enterprises	–	–	4	–	204	204	204
Households	6	–	1 742	358	60	–	–
Payments for capital assets	181 671	326 081	310 960	484 418	560 767	795 478	1 007 536
Buildings and other fixed structures	165 288	326 054	292 919	469 287	545 797	781 050	993 100
Machinery and equipment	12 937	–	18 039	15 054	14 970	14 428	14 436
Software and other intangible assets	–	–	2	77	–	–	–
Land and subsoil assets	3 446	27	–	–	–	–	–
Total	1 049 317	1 280 552	1 608 660	1 668 193	2 369 024	2 762 080	3 095 211

Details of major transfers and subsidies:

Municipalities							
Current	476 666	522 748	676 530	643 122	710 343	836 570	889 325
Rates on State Properties	476 343	522 748	675 615	642 230	710 131	836 570	889 325
Regional Services Council levies	323	–	915	892	212	–	–
Public entities							
Current	–	–	–	–	450 000	456 000	498 000
Property Management Trading Entity	–	–	–	–	450 000	456 000	498 000

Expenditure trends

Expenditure grew rapidly between 2002/03 and 2008/09 from R1,1 billion to R3,1 billion respectively, at an average annual rate of 17,1 per cent. The 25,6 per cent increase in 2004/05 is attributable to additional funds earmarked for reducing the backlog on municipal rates and services. This was a one-off allocation, so it is not carried through to 2005/06, which has a low increase of 3,7 per cent.

The special allocation under the new *Augmentation of the Property Management Trading Entity* subprogramme is for the trading entity activities. Additional funding for the Re Kgabisa Tshwane programme and ports of entry resulted in a 42 per cent increase in 2006/07, taking expenditure to R2,4 billion. The rise in capital works spending, evident in the additional amounts of R130 million, R200 million and R350 million for each of the MTEF years, is for funding the Re Kgabisa Tshwane programme and to upgrade ports of entry.

The devolution process impacts on the administration arrangements of the department and its regional offices, and the department is in the process of defining the administrative expenditure of this programme accordingly.

Service delivery objectives and indicators

Recent outputs

A framework within which the standard of accommodation can be improved affordably has been developed.

Achievements relating to clients are: the completion of 9 police stations in prioritised areas, the refurbishment and construction of 9 magistrate's courts in various centres, the implementation of the repair and maintenance programme on 12 proclaimed fishing harbours, and the construction of chanceries in the Democratic Republic of Congo and Germany.

Other achievements are the construction of refugee reception offices in Cape Town, Durban and Port Elizabeth.

Selected medium-term output targets

Provision of Land and Accommodation

Measurable objective: Accommodate all national departments and their agencies in suitable facilities, and facilitate payment of property rates and services to municipalities on their behalf.

Subprogramme	Output	Measure/Indicator	Target
Capital Works (Public Works)	Accommodation according to clients' needs	Percentage of projects completed as per programme agreed with clients	100% projects completed
Property Management	Procurement of leased accommodation for client departments and institutions	Percentage requests for leased accommodation within budget attended to	100% of requests attended to
	Well maintained buildings	Percentage compliance of leased buildings with Occupational Health and Safety Act (1993)	100% leased buildings comply
Asset Management	Strategic management of immovable property	Percentage of completed asset management plans, aligned to clients' service delivery plans	75% by March 2008
	Development of property performance standards	Performance standards document completed	By March 2007

Programme 3: National Public Works Programme

The main objective of the *National Public Works Programme* programme is to promote growth and transformation in the construction and property industries and co-ordinate the national implementation of the expanded public works programme.

Apart from *Administration* going forward, there are three subprogrammes:

- *Construction Industry Development Programme* creates an enabling environment for transforming, reconstructing and developing the construction industry.
- *Expanded Public Works Programme* co-ordinates the use of government expenditure to create additional employment opportunities by introducing labour-intensive delivery methods for needed services.
- *Property Industry Development Programme* provides leadership and guidance on the property industry, and sets best practices on compiling and maintaining immovable assets registers and administering rights over state and private land.

Expenditure estimates

Table 6.5 National Public Works Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Construction Industry Development Programme	31 448	32 942	72 350	34 295	55 943	58 014	61 659
Community-based Public Works Programme	275 001	277 702	–	–	–	–	–
Expanded Public Works Programme	–	–	24 525	51 781	33 240	36 742	41 568
Property Industry Development Programme	–	–	–	10 200	8 858	9 029	9 215
Administration	–	–	–	25 115	767	820	879
Total	306 449	310 644	96 875	121 391	98 808	104 605	113 321
Change to 2005 Budget estimate				38 781	13 179	14 745	17 724

Economic classification

Current payments	30 865	25 721	68 618	86 579	50 637	54 464	64 164
Compensation of employees	7 449	8 700	14 603	19 639	18 651	19 583	20 832
Goods and services	23 387	16 997	54 015	66 940	31 986	34 881	43 332
<i>of which:</i>							
<i>Consultants, contractors and special services</i>	13 542	9 149	40 908	53 522	24 240	26 757	31 900
<i>Travel and subsistence</i>	1 978	1 827	3 517	2 948	3 000	3 100	3 413
Financial transactions in assets and liabilities	29	24	–	–	–	–	–
Transfers and subsidies	275 024	284 474	28 179	34 382	48 021	49 891	48 891
Provinces and municipalities	259 843	262 387	45	57	9	–	–
Departmental agencies and accounts	15 181	22 087	28 036	34 325	48 012	49 891	48 891
Households	–	–	98	–	–	–	–
Payments for capital assets	560	449	78	430	150	250	266
Machinery and equipment	560	449	78	430	150	250	266
Total	306 449	310 644	96 875	121 391	98 808	104 605	113 321

Details of major transfers and subsidies

Municipalities							
Capital	259 820	262 357	–	–	–	–	–
Community-based Public Works Programme	259 820	262 357	–	–	–	–	–
Public entities							
Current	15 181	22 087	28 036	34 325	48 012	49 891	48 891
Construction Industry Development Board	13 181	20 087	25 036	31 325	40 012	39 891	36 891
Council for the Built Environment	2 000	2 000	3 000	3 000	8 000	10 000	12 000

Expenditure trends

Between 2002/03 and 2005/06 expenditure follows an uneven trend, which results in negative growth rates. The *Community-based Public Works Programme* subprogramme was devolved to municipalities at the end of 2003/04, which explains the large reduction in expenditure from 2004/05.

Over the 2006 MTEF, the budget increases from R98,8 million to R113,3 million between 2006/07 and 2008/09 respectively, which includes additional funds for the *Expanded Public Works Programme* subprogramme as well as increased transfers to the Construction Industry Development Board and the Council for the Built Environment under the *Construction Industry Development Programme* subprogramme.

Service delivery objectives and indicators

Recent outputs

Charters for both the construction sector and the property industry were launched.

The contractor incubator programme was launched, and 81 contractor companies have been accepted onto it, of which 32 per cent are companies owned by women.

The expanded public works programme was successfully launched in all nine provinces by September 2004. In its first year of implementation 223 410 gross work opportunities were created from approximately 3 400 projects. This translates into 174 845 net work opportunities, namely the number of additional jobs that were created through the use of labour-intensive methods. Of the individuals who benefited, 38 per cent were women, 41 per cent were youth and 0,5 per cent were people with disabilities. Overall, R3,2 billion was spent on implementing projects, with more than R823 million on wages.

Selected medium-term output targets

National Public Works Programme

Measurable objective: Regulate the built environment, transform the construction and property industries, and co-ordinate the expanded public works programme across all spheres of government.

Subprogramme	Output	Measure/Indicator	Target
Construction Industry Development Programme	Construction industry transformation charter	Charter gazetted	By December 2006
	Contractors who graduate as sustainable contractors and exit the contractor incubator programme	Number of contractors who graduate	At least 50 contractors by December 2008
Expanded Public Works Programme	Short-term jobs	Number of temporary jobs created	270 000 temporary jobs for 2006/07 (1 million temporary jobs over 5 years from 2004/05)
	Access to training	Percentage of expanded public works programme workers accessing training	100% of expanded public works programme workers
Property Industry Development Programme	Legislation and regulations to govern immovable asset management in government	Promulgation of the Government Immovable Asset Management Act and regulations	By end 2006

Programme 4: Auxiliary and Associated Services

The main objective of the *Auxiliary and Associated Services* programme is to fund various auxiliary and associated services.

There are five main subprogrammes:

- *Compensation for Losses* provides compensation for losses incurred in the state housing guarantee scheme when public servants fail to fulfil their obligations.
- *Assistance to Organisations for Preservation of National Memorials* provides funding to the Commonwealth War Graves Commission and to the UN for maintaining national memorials.
- *Parliamentary Villages Management Board* provides financial assistance to the board.
- *State Functions* provides for the acquisition of logistical facilities for state functions.
- *Sector Education and Training Authority* contributes to the Construction Sector and Education and Training Authority (CETA).

Expenditure estimates

Table 6.6 Auxiliary and Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Compensation for Losses	2 057	1 435	1 266	1 423	1 565	1 643	1 748
Distress Relief	–	–	–	1	1	1	1
Loskop Settlement	–	–	–	1	1	1	1
Assistance to Organisations for Preservation of National Memorials	11 314	9 279	14 282	12 651	13 916	14 612	15 545
Parliamentary Villages Management Board	1 689	1 734	1 828	1 516	1 667	1 750	1 862
State Functions	150	348	24 446	90	90	95	101
SETA	–	721	–	1 725	1 898	1 993	2 120
Total	15 210	13 517	41 822	17 407	19 138	20 095	21 378
Change to 2005 Budget estimate				(689)	(757)	(795)	(846)

Economic classification

Current payments	2 207	1 783	25 712	1 514	1 656	1 739	1 850
Goods and services	2 207	1 783	25 712	1 514	1 656	1 739	1 850
Transfers and subsidies	13 003	11 734	16 110	15 893	17 482	18 356	19 528
Departmental agencies and accounts	1 689	2 455	1 828	3 241	3 565	3 743	3 982
Foreign governments and international organisations	11 314	9 279	14 282	12 651	13 916	14 612	15 545
Households	–	–	–	1	1	1	1
Total	15 210	13 517	41 822	17 407	19 138	20 095	21 378

Details of major transfers and subsidies:

Public entities							
Current	1 689	2 455	1 828	3 241	3 565	3 743	3 982
Construction Education and Training Authority	–	721	–	1 725	1 898	1 993	2 120
Parliamentary Villages Management Board	1 689	1 734	1 828	1 516	1 667	1 750	1 862
Foreign governments and international organisations							
Current	11 314	9 279	14 282	12 651	13 916	14 612	15 545
Commonwealth War Graves Commission	11 314	9 279	14 282	12 651	13 916	14 612	15 545
Total	13 003	11 734	16 110	15 893	17 482	18 356	19 528

Expenditure trends

Expenditure trends were unsteady between 2002/03 and 2005/06. In 2003/04 there was a substantial drop of 11 per cent due to an improvement in the exchange rate (contributions to foreign organisations are done in foreign currencies). The sudden sharp increase (209,4 per cent) in

2004/05 was because of state functions, such as the presidential inauguration ceremony and 10 Years of Freedom celebrations.

Expenditure is expected to resume a steady growth rate over the 2006 MTEF, increasing from R17,4 million in 2005/06 to R21,4 million in 2008/09, an average annual increase of 7,1 per cent.

Trading entities

Property Management Trading Entity

As part of the devolution of accommodation-related budget to client departments, the Department of Public Works will establish a trading entity in April 2006. The devolution will be accounted for in the books of the trading entity. The service delivery improvement programme will also be implemented under the auspices of the trading entity. The trading entity will be a focused functional entity of the department, maintaining its own set of financial records, which will be consolidated with the department's. The department's accounts and other departments' accounts will change to reflect the new arrangement for accommodation costs. To provide consistent time series data, the associated historical data will be adjusted to present a full set of financial data for the seven years of the MTEF. The budgets will be devolved to national departments as follows:

- Maintenance and municipal rates charges – These will be included on departmental budgets as accommodation charges and will be paid to the trading entity in lieu of the benefit derived for using state facilities.
- Leases – Although funds for lease commitments with private sector parties will be devolved, the function for procuring leases will remain with the Department of Public Works. This means that departments will be responsible only for paying monthly rentals and the Department of Public Works will continue managing the lease agreements on behalf of the departments.
- Municipal service charges – Both the funds for paying municipal service charges and the related function will be devolved to departments. The trading entity will charge a fee for acting as an administering agent, if departments choose to use this service.

Table 6.7 Property Management Trading Entity

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R thousand	2002/03	2003/04	2004/05	2005/06			
Receipts							
Sales of goods and services produced by account	2 620 369	2 837 317	3 265 757	3 506 967	4 035 459	4 497 453	4 813 664
Accommodation charges	836 855	878 136	1 104 180	1 170 080	1 434 343	1 681 047	1 795 891
Operating leases	892 707	1 019 462	1 175 061	1 272 161	1 353 631	1 462 558	1 578 679
Municipal Services	848 389	894 970	939 539	1 014 025	1 187 486	1 288 847	1 371 094
Municipal management fees	42 419	44 749	46 977	50 701	60 000	65 000	68 000
Transfers received	-	-	-	-	450 000	456 000	498 000
Total receipts	2 620 369	2 837 317	3 265 757	3 506 967	4 485 459	4 953 453	5 311 664
Payments							
Payments by activity	2 620 369	2 837 317	3 265 757	3 506 967	4 485 459	4 953 453	5 311 664
Office Accommodation, Official Quarters and Unimproved Property	892 707	1 019 462	1 175 061	1 272 161	1 353 631	1 462 558	1 578 679
Maintenance, Repair and Renovation of Buildings	580 362	596 656	740 039	838 769	1 494 272	1 677 356	1 804 254
Municipal Services	890 808	939 719	986 516	1 064 726	1 247 486	1 353 847	1 439 094
Rates on State Properties	256 493	281 480	364 141	331 311	390 070	459 691	489 637
Total payments	2 620 369	2 837 317	3 265 757	3 506 967	4 485 459	4 953 453	5 311 664
Surplus / (Deficit)	-	-	-	-	-	-	-

Table 6.7 Property Management Trading Entity (continued)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R thousand	2002/03	2003/04	2004/05	2005/06			
Economic classification of payments							
Current payments	2 015 660	2 197 843	2 457 593	2 672 986	2 953 117	3 186 005	3 405 853
Compensation of employees	–	–	–	–	–	–	–
Goods and services	2 015 660	2 197 843	2 457 593	2 672 986	2 953 117	3 186 005	3 405 853
<i>of which:</i>							
<i>Maintenance repair and running cost</i>	<i>232 145</i>	<i>238 662</i>	<i>296 016</i>	<i>336 100</i>	<i>352 000</i>	<i>369 600</i>	<i>388 080</i>
<i>Operating leases</i>	<i>892 707</i>	<i>1 019 462</i>	<i>1 175 061</i>	<i>1 272 159</i>	<i>1 353 631</i>	<i>1 462 558</i>	<i>1 578 679</i>
<i>Municipal services</i>	<i>890 808</i>	<i>939 719</i>	<i>986 516</i>	<i>1 064 726</i>	<i>1 247 486</i>	<i>1 353 847</i>	<i>1 439 094</i>
Transfers and subsidies to	256 493	281 480	364 141	331 312	390 070	459 691	489 637
Provinces and municipalities	256 493	281 480	364 141	331 312	390 070	459 691	489 637
Payments for capital assets	348 216	357 994	444 022	502 669	1 142 272	1 307 756	1 416 174
Buildings and other fixed structures	348 216	357 994	444 022	502 669	1 142 272	1 307 756	1 416 174
Total payments	2 620 369	2 837 317	3 265 757	3 506 967	4 485 459	4 953 453	5 311 664

Data provided by the Department of Public Works

Public entities reporting to the minister

Construction Industry Development Board

The Construction Industry Development Board (CIDB) was established by the Construction Industry Development Board Act (2000) as a statutory body (schedule 3A public entity) to provide leadership to stakeholders and stimulate sustainable growth, reform and improvements in the construction sector, and to improve its role in the economy. The board, which is responsible to the Minister of Public Works, comprises private and public sector individuals appointed by the minister on the basis of their knowledge and expertise.

Aligned with government's supply chain management reform, the CIDB has developed and rolled out the standard for uniformity in construction procurement. In partnership with National Treasury and the Department of Public Works, the infrastructure delivery management system toolkit has moved into implementation in selected departments across the nine provinces. CIDB best practice guidelines have been widely disseminated, including guidelines on labour-based construction to support job creation and on the expanded public works programme.

Revenue for the CIDB comes mainly from transfers (about 89 per cent in 2006/07), which rise until 2006/07, after which they decline. Any shortfall in revenue will be made up from contributions from users of the expanding services of the CIDB. Excluding depreciation (non-cash charge), the CIDB expects to run a balanced budget over the 2006 MTEF period.

The CIDB's strategy is to optimise the contribution of the construction industry to meeting the national demand for construction, promote national social and economic development objectives, industry performance and competitiveness, and improve value to clients. The board contributes to developing the construction industry by addressing the role and the contribution of all who add value to the construction delivery process, including: public and private sector clients and investors; built environment professionals; constructors, materials manufacturers and suppliers; training institutions, regulatory bodies; and research institutions. The CIDB will foster the active contribution of stakeholders and will promote development through partnership.

Table 6.8 Financial summary for The Construction Industry Development Board (CIDB)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2005/06	2006/07	2007/08
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	498	320	1 373	4 800	4 800	7 300	7 762
Transfers received	13 181	20 087	25 036	33 511	40 012	39 891	36 891
Total revenue	13 679	20 407	26 409	38 311	44 812	47 191	44 653
Expenses							
Current expense	11 143	19 939	26 084	38 594	45 106	47 960	44 178
Compensation of employees	3 056	5 539	7 311	9 819	12 866	13 637	14 456
Goods and services	7 512	13 263	17 458	27 572	31 340	33 023	28 372
Depreciation	575	1 137	1 315	1 203	900	1 300	1 350
Transfers and subsidies	39	121	165	180	191	202	214
Total expenses	11 182	20 060	26 249	38 774	45 297	48 162	44 392
Surplus / (Deficit)	2 497	347	160	(463)	(485)	(971)	261
BALANCE SHEET SUMMARY							
Carrying value of assets	2 852	2 715	3 022	3 028	3 228	3 094	2 980
Inventory	52	-	-	-	-	-	-
Receivables and prepayments	2 715	3 259	3 253	1 822	1 187	800	1 050
Cash and cash equivalents	484	833	3 669	2 079	2 197	1 430	1 305
Total assets	6 103	6 807	9 944	6 929	6 612	5 324	5 335
Capital and reserves	4 934	5 281	5 441	4 978	4 493	3 522	3 783
Trade and other payables	935	980	3 797	1 200	1 368	1 100	832
Provisions	234	546	706	751	751	702	720
Total equity and liabilities	6 103	6 807	9 944	6 929	6 612	5 324	5 335

Data provided by the Construction Industry Development Board

Council for the Built Environment

The Council for the Built Environment was established by the Council for the Built Environment Act (2000). The council's main objective is to implement government's strategy for transforming the built environment professions by: promoting appropriate standards of health, safety and environmental protection; promoting sound governance in the built environment; and promoting human resources development. Board members were appointed by the Minister of Public Works in March 2002, and the council began its operations in September 2002.

The council has a relatively small budget of R4,2 million in 2005/06. However, annual expenditure is expected to more than double over the 2006 MTEF, as capacity is expanded to meet the council's mandate. During 2005/06, 65 per cent of the council's funds comprised a transfer from the Department of Public Works, while the balance was received from professional groupings registered with the council. Total expenditure for 2006/07 is estimated at R11,3 million, which is mostly covered by government transfers. Additional funding from external sources may be required if the planned expanded capacity materialises.

By the end of 2005/06, the council had five staff members. The immediate challenge is to strengthen capacity to deliver key outputs.

Annexure

Vote 6: Public Works

Table 6.A: Summary of expenditure trends and estimates per programme and economic classification

Table 6.B: Summary of personnel numbers and compensation of employees per programme

Table 6.C: Summary of expenditure on training per programme

Table 6.D: Summary of conditional grants to provinces and local government (municipalities)

Table 6.E: Summary of official development assistance expenditure

Table 6.F: Summary of expenditure on infrastructure

Table 6.G: Summary of departmental public-private partnership projects

Table 6.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2004/05		2004/05	2005/06			2005/06
1. Administration	240 583	480 323	497 052	272 691	279 189	551 880	592 086
2. Provision of Land and Accommodation	4 493 251	1 886 992	1 608 660	5 181 343	(3 513 150)	1 668 193	1 417 986
3. National Public Works Programme	68 970	68 970	96 875	82 610	38 781	121 391	121 391
4. Auxiliary and Associated Services	17 119	17 119	41 822	17 407	–	17 407	17 407
Total	4 819 923	2 453 404	2 244 409	5 554 051	(3 195 180)	2 358 871	2 148 870

Economic classification

	3 300 813	1 235 637	1 185 928	3 501 328	(2 378 718)	1 122 610	1 120 273
Current payments							
Compensation of employees	619 840	464 844	450 944	626 134	(86 579)	539 555	539 555
Goods and services	2 676 171	765 991	663 232	2 870 151	(2 287 096)	583 055	571 630
Interest and rent on land	4 802	4 802	–	5 043	(5 043)	–	9 088
Financial transactions in assets and liabilities	–	–	71 752	–	–	–	–
Transfers and subsidies	844 434	812 786	723 034	998 405	(304 161)	694 244	696 116
Provinces and municipalities	801 012	769 364	676 923	947 867	(304 309)	643 558	643 558
Departmental agencies and accounts	31 136	31 136	29 864	37 536	30	37 566	37 566
Public corporations and private enterprises	–	–	47	–	50	50	50
Foreign governments and international organisations	11 935	11 935	14 282	12 651	–	12 651	12 651
Households	351	351	1 918	351	68	419	2 291
Payments for capital assets	674 676	404 979	335 447	1 054 318	(512 301)	542 017	332 481
Buildings and other fixed structures	632 636	362 289	292 919	1 011 494	(542 207)	469 287	259 287
Machinery and equipment	42 015	42 665	42 504	42 799	29 854	72 653	72 653
Software and intangible assets	–	–	24	–	77	77	541
Land and subsoil assets	25	25	–	25	(25)	–	–
Total	4 819 923	2 453 402	2 244 409	5 554 051	(3 195 180)	2 358 871	2 148 870

Table 6.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
A. Permanent and full-time contract employees							
Compensation (R thousand)	363 802	391 225	450 947	626 134	655 829	708 544	753 749
Unit cost (R thousand)	80	88	97	105	110	119	126
Compensation as % of total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Personnel numbers (head count)	4 573	4 470	4 671	5 969	5 969	5 969	5 969
Total for department							
Compensation (R thousand)	363 802	391 225	450 947	626 134	655 829	708 544	753 749
Unit cost (R thousand)	80	88	97	105	110	119	126
Personnel numbers (head count)	4 573	4 470	4 671	5 969	5 969	5 969	5 969

Table 6.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Training and staff development							
Expenditure (R thousand)	4 697	4 644	12 288	6 738	18 000	22 000	25 000
Number of employees trained (head count)	939	919	2 457	1 339	3 600	4 400	5 000
Bursaries (employees)							
Expenditure (R thousand)	2 282	2 402	2 163	1 227	3 000	4 500	6 500
Total	6 979	7 046	14 451	7 965	21 000	26 500	31 500
Number of employees	1 396	1 399	2 890	1 584	4 200	5 300	6 300

Table 6.D Summary of conditional grants to provinces and local government (municipalities)¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Conditional grants to local government (municipalities)							
3. National Public Works Programme							
Community-based Public Works Programme	259 820	262 357	–	–	–	–	–
Total	259 820	262 357	–	–	–	–	–

1. Detail provided in the Division of Revenue Act (2006).

Table 6.E Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
			2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand									
Foreign									
European Union	Institutional strengthening	Cash	1 423	4 122	338	–	–	–	–
Total			1 423	4 122	338	–	–	–	–

Table 6.F Summary of expenditure on infrastructure

Description	Service delivery outputs			Adjusted appropriation	Medium-term expenditure estimate		
	Audited outcome			2005/06	2006/07	2007/08	2008/09
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Cape Town Parliamentary Precinct	–	–	–	5 500	59 229	79 201	79 160
Other large infrastructure projects (Over R20 million)							
Upgrading of infrastructure	–	–	–	15 800	43 523	160 064	105 234
Upgrading of civil infrastructure and electrical installations	–	–	–	10 000	62 035	18 470	8 479
Construction of accommodation	–	–	–	1 500	24 004	39 432	19 354
Complete refurbishment	–	–	–	–	6 337	78 213	121 548
Purchase of property	–	–	–	24 000	29 000	–	–
Upgrading of engineering service and sinkhole repairs	–	–	–	2 740	8 137	10 600	1 524
Dolomite risk management	–	6 785	7 041	10 439	5 192	1 367	–
Installation of security access control	–	3 571	3 841	8 029	6 128	–	–
Security measures	–	2 109	2 181	200	222	–	–
Construction of retractable roof	–	–	–	–	–	–	14 852
Construction of Building	–	–	–	5 103	12 319	32 191	31 092

Table 6.F Summary of expenditure on infrastructure (continues)

Description	Service delivery outputs			Adjusted appropriation	Medium-term expenditure estimate		
	Audited outcome				2005/06	2006/07	2007/08
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Development for a National Government precinct	-	-	-	36 000	73 300	116 500	167 540
Border control projects	-	-	-	54 200	68 232	23 573	205 010
Dolomite risk management	-	-	-	37 540	35 205	131 409	150 885
Prestige projects	45 248	106 028	132 968	128 571	79 882	42 536	14 826
Rehabilitation of various centres	65 112	152 576	138 395	38 058	23 724	21 202	25 767
Maintenance and repair on prestige accommodation	44 667	45 763	58 423	61 485	3 206	15 262	19 256
Maintenance and repair on various buildings	-	-	-	-	16 622	44 530	39 973
Total	155 027	316 832	342 849	439 165	556 297	814 550	1 004 500

Table 6.G Summary of departmental public-private partnership projects

R thousand	Total cost of project	Budget expenditure	Medium-term expenditure estimate		
		2005/06	2006/07	2007/08	2008/09
Projects in preparation, registered in terms of Treasury Regulation 16¹	15 771	1 700	-	-	-
Advisory fees	15 771	1 700	-	-	-
Total	15 771	1 700	-	-	-

1. Only projects that have received Treasury Approval: 1