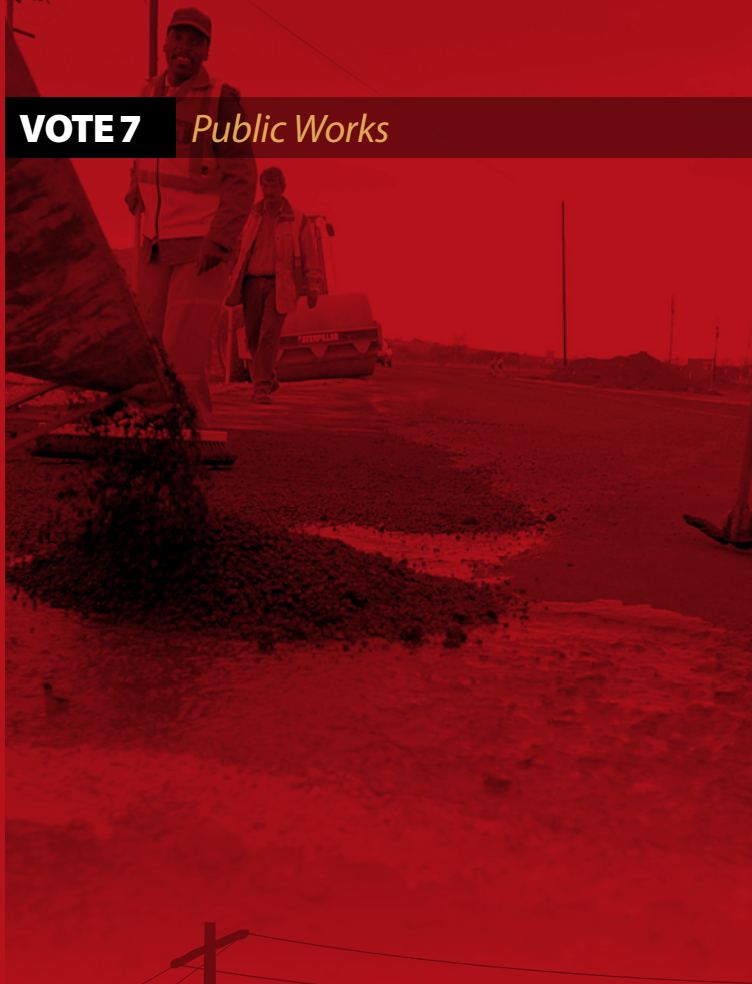


**VOTE 7** *Public Works*



National Treasury

# **BUDGET** 2012

***ESTIMATES OF NATIONAL EXPENDITURE***



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# **Estimates of National Expenditure**

## **2012**

**National Treasury**

**Republic of South Africa**

22 February 2012



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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za).

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

# Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspending on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



**Lungisa Fuzile**  
**Director General: National Treasury**



# Introduction

## The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on [www.treasury.gov.za](http://www.treasury.gov.za).





# **Public Works**

**National Treasury  
Republic of South Africa**



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# Vote 7

## Public Works

### Budget summary

R thousand	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	893 978	868 280	625	25 073	947 380	1 004 730
Immovable Asset Management	5 364 043	1 137 646	2 670 977	1 555 420	5 881 586	6 236 611
Expanded Public Works Programme	1 659 000	265 257	1 392 176	1 567	1 961 008	2 107 985
Property and Construction Industry Policy Regulations	37 436	37 312	–	124	39 182	41 473
Auxiliary and Associated Services	39 339	17 291	22 048	–	40 678	42 819
<b>Total expenditure estimates</b>	<b>7 993 796</b>	<b>2 325 786</b>	<b>4 085 826</b>	<b>1 582 184</b>	<b>8 869 834</b>	<b>9 433 618</b>
Executive authority	Minister of Public Works					
Accounting officer	Director General of Public Works					
Website address	<a href="http://www.publicworks.gov.za">www.publicworks.gov.za</a>					

### Aim

*Provide for and manage the accommodation, housing, land and infrastructure needs of national departments. Lead and direct the implementation of the national expanded public works programme. Promote growth, job creation and transformation in the construction and property industries.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic leadership and support services, including for the accommodation needs and overall management of the department.

#### Programme 2: Immovable Asset Management

**Purpose:** Provide and manage government's immovable property portfolio in support of government's social, economic, functional and political objectives.

#### Programme 3: Expanded Public Works Programme

**Purpose:** Ensure the creation of work opportunities and the provision of training for unskilled, marginalised and unemployed people in South Africa by coordinating the implementation of the expanded public works programme.

#### Programme 4: Property and Construction Industry Policy Regulations

**Purpose:** 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.

#### Programme 5: Auxiliary and Associated Services

**Purpose:** Provide for various services, including compensation for losses on the government assisted housing scheme and assistance to organisations for the preservation of national memorials. Meet the protocol responsibilities for state functions.

## **Strategic overview: 2008/09 – 2014/15**

### **Outcomes and strategic priorities**

As a leader in the provision of government building infrastructure in South Africa, the Department of Public Works plays a critical role in providing an enabling environment for the effective and efficient implementation of social and economic infrastructure. The department's mandate is largely governed by the Government Immovable Asset Management Act (2007). The minister's performance agreement, which is central to the department's planning and scope of work, covers three sector outcomes: decent employment through inclusive economic growth (outcome 4); sustainable human settlements and an improved quality of household life (outcome 8); and an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship (outcome 12). The expanded public works programme is aimed at providing decent employment through inclusive economic growth (outcome 4) to alleviate youth unemployment and meet targets on annual work opportunities created. The focus in 2010/11 was on the implementation of phase 2 of the expanded public works programme to contribute to halving unemployment by 2014 and creating a total of 643 116 work opportunities, with 203 690 full time equivalents created through expanded public works programmes.

The department's mission is therefore to promote government's policy objectives by providing and managing the accommodation, housing, land and infrastructure related needs of user departments, coordinating the national expanded public works programme, and driving the transformation of the construction and property industries. To give effect to this, the department aims to: efficiently manage the asset lifecycle of immovable assets under its custodianship; provide expert advice to all three spheres of government and state owned entities on the management of immovable assets; contribute to the national goals of job creation and poverty alleviation through programme management; lead and direct public works programmes nationally, including the expanded public works programme; and provide strategic leadership in the construction and property industries.

The department is also required to deliver land for low income housing to the Department of Human Settlements over the medium term. In 2010/11, 1 031 hectares of land were released for the purposes of human settlement. In support of providing an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12), the department ensures that maintenance programmes are supportive of service delivery and that state buildings are accessible to all citizens. To this end, in 2010/11, the department rehabilitated seven properties and upgraded 64 state buildings to ensure accessibility for the disabled.

### **Focus over the medium term**

Strategic priorities over the medium term include: the implementation of an action plan to address the disclaimer of opinion given by the auditor general on the department's 2010/11 financial statements; improved property management; the implementation of a revised facilities management model; the establishment of a reliable, solid and institutional mechanism to address the underspending of the capital and maintenance budgets of the Department of Public Works and other departments; ensuring effective project management by improving project planning processes for both capital and maintenance projects; working towards a complete and accurate asset register to ensure compliance with the Government Immovable Asset Management Act (2007) and the vesting of state assets; and combating fraud and corruption both within the department and in the construction and property sectors.

### *Developing infrastructure and skills*

Working in conjunction with the public entities that report to it, the department has identified the delivery of social infrastructure, the development of skills in the built and property environment, and the national contractor development programme as priorities over the medium term. Infrastructure priorities include: ensuring disabled people's access to state owned buildings, dolomite risk management in dolomitic areas, refurbishing and upgrading the country's land ports of entry, facilitating inner-city regeneration, and investing in the department's own office accommodation.

R9.8 billion will be required over the medium term to rehabilitate and maintain state owned buildings to reduce the current annual expenditure on leased accommodation. Included in the department's capital budget is the

prestige portfolio, which provides accommodation for all members of Parliament. The expansion of the parliamentary precinct in Cape Town will also be a priority under this programme over the medium term.

#### *Addressing unemployment*

In implementing its programmes, the department is mindful of the high rates of unemployment, especially among the youth, poverty and the growing income inequality in South Africa. The department will therefore focus on accelerating social infrastructure delivery and job creation through the expanded public works programme and through the project implementation programme.

In addition to the expanded public works programme, the department will also undertake the following initiatives to reduce the high unemployment rate: intensify the recruitment of built environment professionals and property management specialists, train engineers and project managers in labour intensive technology, and invest in the revival of departmental workshops by re-establishing workshops for artisan training in all the regional offices in partnership with the Department of Higher Education.

#### *Responding to the effects of climate change*

In response to the 2011 National Climate Change Response White Paper, the department will begin to implement its green buildings framework and step up efforts to green state buildings as part of South Africa's strategies for mitigating the effects of global warming.

## Selected performance indicators

**Table 7.1 Public Works**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of asset register with information fields populated with essential data (out of the present 109 293 properties) <sup>1</sup>	Immovable Asset Management	40% (43 424)	50% (54 281)	70% (75 993)	90% (97 705)	100% (109 293)	-	-
Number of state owned buildings rehabilitated per year	Immovable Asset Management	25	5	7	7	10	15	20
Percentage reduction in electricity consumption in state owned buildings due to retrofitting	Immovable Asset Management	1% (13 800 kw/h)	1% (17 180 kw/h)	3% (37 180 kw/h)	7% (65 000 kw/h)	-	-	-
Number of state owned buildings to be made accessible to people with disabilities per year	Immovable Asset Management	76	200	64	110	100	100	100
Number of youth participating in the national youth service programme in the department per year <sup>2</sup>	Expanded Public Works Programme	2 859	2 884	1 156	2 765	3 500	4 000	4 500
Total number of municipalities reporting on expanded public works programme targets	Expanded Public Works Programme	98/283	127/283	200/283	232/278	278	278	278

**Table 7.1 Public Works (continued)**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of expanded public works programme work opportunities created <sup>3</sup>	Expanded Public Works Programme	570 815	625 859	643 116	549,982	1 210 000	1 650 000	1 650 000
Total number of expanded public works programme opportunities created on provincial access roads	Expanded Public Works Programme	74 616	83 586	104 519	119 878	130 000	140 000	150 000

1. In comparison with last year's number of properties, this publication's number is higher due to further updating of the asset register in 2011/12.

2. The number of youth participating in the national youth service increased between 2010/11 and 2011/12 due to increased staff capacity to implement the programme in the regions.

3. The expanded public works programme's targets are in line with the projections in the phase 2 business plan approved by Cabinet.

## Expenditure estimates

**Table 7.2 Public Works**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Administration	801 552	773 428	679 455	777 521	777 521	893 978	947 380	1 004 730
Immovable Asset Management	3 213 564	4 265 083	4 968 520	5 410 545	5 244 469	5 364 043	5 881 586	6 236 611
Expanded Public Works Programme	133 038	438 097	915 391	1 575 198	1 193 274	1 659 000	1 961 008	2 107 985
Property and Construction Industry Policy Regulations	33 424	17 441	28 029	34 900	34 900	37 436	39 182	41 473
Auxiliary and Associated Services	15 409	39 600	24 139	31 580	31 580	39 339	40 678	42 819
<b>Total</b>	<b>4 196 987</b>	<b>5 533 649</b>	<b>6 615 534</b>	<b>7 829 744</b>	<b>7 281 744</b>	<b>7 993 796</b>	<b>8 869 834</b>	<b>9 433 618</b>
Change to 2011 Budget estimate				10 488	(537 512)	(67 426)	(30 247)	(14 014)

### Economic classification

Current payments	1 665 683	1 829 405	1 917 587	2 275 861	2 213 937	2 325 786	2 459 197	2 607 569
Compensation of employees	801 010	976 111	1 089 693	1 252 550	1 252 550	1 260 154	1 332 422	1 424 725
Goods and services	831 879	847 522	819 046	1 007 969	946 045	1 055 880	1 117 142	1 172 153
<i>of which:</i>								
Administrative fees	1 461	699	404	664	664	2 869	3 009	3 160
Advertising	40 589	15 050	14 562	41 858	41 858	22 320	23 656	22 923
Assets less than the capitalisation threshold	6 937	8 538	10 664	8 953	8 953	4 833	4 761	11 847
Audit cost: External	32 000	31 554	18 511	33 708	33 708	35 764	37 100	39 325
Bursaries: Employees	3 821	4 976	1 266	4 867	4 867	2 600	2 400	2 609
Catering: Departmental activities	2 890	2 145	2 424	1 659	1 659	1 757	1 845	1 951
Communication	36 766	25 640	27 331	21 710	21 710	22 677	24 378	25 499
Computer services	13 335	7 492	39 226	8 186	8 186	46 535	45 203	51 567
Consultants and professional services: Business and advisory services	52 420	17 425	128 821	21 050	21 050	40 542	41 403	31 403
Consultants and professional services: Infrastructure and planning	15 272	27 790	6 501	37 360	37 360	62 626	68 824	72 574
Consultants and professional services: Legal costs	10 721	7 836	6 511	12 084	12 084	8 871	8 218	8 768
Contractors	120 055	49 198	46 455	67 003	67 003	19 227	19 941	20 577
Agency and support / outsourced services	109 693	78 263	41 921	137 725	125 801	140 312	148 683	157 409

Table 7.2 Public Works (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
<b>Economic classification</b>								
<i>Entertainment</i>	517	495	657	620	620	658	695	737
<i>Fleet services (including government motor transport)</i>	135	112	4	247	247	15 834	17 133	17 812
<i>Inventory: Food and food supplies</i>	17	9	12	26	26	15	16	19
<i>Inventory: Fuel, oil and gas</i>	22 291	26 189	24 198	22 831	12 831	9 679	9 624	9 665
<i>Inventory: Learner and teacher support material</i>	512	10	25	374	374	393	412	441
<i>Inventory: Materials and supplies</i>	698	1 014	1 222	1 037	1 037	1 002	1 128	1 361
<i>Inventory: Medical supplies</i>	7	8	22	10	10	11	13	13
<i>Inventory: Other consumables</i>	9 761	11 520	14 287	11 038	11 038	15 615	17 605	17 513
<i>Inventory: Stationery and printing</i>	11 301	11 376	11 107	5 353	5 353	11 053	11 949	12 167
<i>Lease payments</i>	153 946	180 774	209 057	243 668	243 668	244 632	244 116	258 724
<i>Property payments</i>	95 604	263 054	140 708	258 408	218 408	243 111	278 904	295 010
<i>Transport provided: Departmental activity</i>	–	–	187	–	–	101	210	100
<i>Travel and subsistence</i>	67 014	53 733	51 141	48 785	48 785	73 038	74 669	75 716
<i>Training and development</i>	9 517	8 369	9 643	9 247	9 247	13 327	13 926	14 837
<i>Operating expenditure</i>	3 380	2 902	8 394	3 210	3 210	10 742	11 216	11 595
<i>Venues and facilities</i>	11 219	11 351	3 785	6 288	6 288	5 736	6 105	6 831
<i>Interest and rent on land</i>	32 794	5 772	8 848	15 342	15 342	9 752	9 633	10 691
<b>Transfers and subsidies</b>	<b>1 509 906</b>	<b>2 376 690</b>	<b>3 302 542</b>	<b>4 010 315</b>	<b>3 640 315</b>	<b>4 085 826</b>	<b>4 548 838</b>	<b>4 844 342</b>
Provinces and municipalities	889 325	1 566 444	2 383 893	2 950 465	2 580 465	3 028 087	3 373 131	3 567 908
Departmental agencies and accounts	604 121	679 329	710 342	734 690	734 690	751 546	792 882	840 456
Foreign governments and international organisations	13 669	14 774	13 863	16 915	16 915	19 441	20 510	21 741
Public corporations and private enterprises	–	–	73	150 000	150 000	–	–	–
Non-profit institutions	–	107 554	188 793	154 370	154 370	282 724	358 114	409 786
Households	2 791	8 589	5 578	3 875	3 875	4 028	4 201	4 451
<b>Payments for capital assets</b>	<b>1 021 398</b>	<b>1 294 958</b>	<b>1 340 569</b>	<b>1 543 568</b>	<b>1 427 492</b>	<b>1 582 184</b>	<b>1 861 799</b>	<b>1 981 707</b>
Buildings and other fixed structures	988 373	1 253 581	1 255 873	1 443 945	1 342 869	1 484 742	1 754 653	1 868 132
Machinery and equipment	32 728	41 028	82 479	94 222	79 222	91 770	101 162	107 232
Software and other intangible assets	297	349	2 217	5 401	5 401	5 672	5 984	6 343
<i>of which:</i>								
<i>Capitalised goods and services</i>	–	–	23 084	–	–	39 530	38 875	40 121
<b>Payments for financial assets</b>	<b>–</b>	<b>32 596</b>	<b>54 836</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>4 196 987</b>	<b>5 533 649</b>	<b>6 615 534</b>	<b>7 829 744</b>	<b>7 281 744</b>	<b>7 993 796</b>	<b>8 869 834</b>	<b>9 433 618</b>

## Expenditure trends

The spending focus over the MTEF period will be on: providing and managing the accommodation, housing, land and infrastructure needs of national departments; rehabilitating 45 state owned buildings and ensuring that at least 100 state owned buildings are accessible to disabled people over the MTEF period; leading and improving the coordination of the expanded public works programme to achieve the target of 4.5 million work opportunities created by the end of March 2014; and promoting growth, job creation and transformation in the construction and property industries to ensure that a common framework is in place to guide processes and procedures on the expropriation of property.

Expenditure increased from R4.2 billion in 2008/09 to R7.8 billion in 2011/12, at an average annual rate of 20.2 per cent. The growth was driven by an increase in transfers and subsidies, mainly due to the implementation of the second phase of the expanded public works programme in municipalities and provinces in 2009/10. Spending on transfers and subsidies increased from R1.5 billion to R4 billion between 2008/09 and 2011/12, at an average annual rate of 38.1 per cent, mainly due to additional funding provided for the expanded public works programme incentive grants to provinces and municipalities, and the devolution of property rates fund grant to provinces. Together, these grants represent about 37.9 per cent of the department's total budget in 2012/13.

Over the MTEF period, expenditure is expected to increase to R9.4 billion, at an average annual rate of 9 per cent. The increase is due to additional funds allocated for the non-state sector of the expanded public works programme to supplement wage costs for additional work opportunities created and to provide additional funding for the construction, maintenance and refurbishment of border post infrastructure used by the Department of Home Affairs to meet the needs of the department. The department has allocated funds for information system consultants and the appointment of professionals to ensure a compliant immovable assets register. Other consultants and professionals appointed are used to support municipalities in implementing expanded public works programme related projects. R112 million in 2012/13, R118.4 million in 2013/14 and R112.73 million in 2014/15 has been allocated for consultants.

The department receives the following additional allocations over the MTEF period:

- R24.8 million, R27.4 million and R30.5 million for improved conditions of service
- R110 million, R130 million and R160 million for the upgrading, maintenance and refurbishment of border post infrastructure used by the Department of Home Affairs
- R71.5 million, R130.3 million and R182.2 million for supplementing wage costs for additional work opportunities created in the expanded public works programme: non-state sector.

Total expenditure cuts over the MTEF period of R261.2 million, R304.7 million and R359.2 million were identified as follows:

- infrastructure: R320 million over the MTEF period
- expanded public works programme unit: R35.8 million over the MTEF period
- expanded public works programme: non-state sector: R38.5 million over the MTEF period
- expanded public works programme conditional grants to provinces and municipalities: R123 million in 2012/13, R146 million in 2013/14 and R155 million in 2014/15
- devolution of property rates fund grant to provinces: R19.4 million in 2012/13, R38.9 million in 2013/14 and R48.6 million in 2014/15.

Following a presidential pronouncement in October 2011, a baseline adjustment of R12.5 million in 2012/13, R13.2 million in 2013/14 and R14 million in 2014/15 was effected to move the budget for the former deputy minister of public works to the Department of Women, Children and People with Disabilities, where a deputy minister has now been appointed.

### Infrastructure spending

Spending on infrastructure increased from R988.4 million in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 10.8 per cent. The increase was mainly due to additional funding provided for prestige management for the accommodation requirements of additional ministers and deputy ministers resulting from the expansion of Cabinet in 2009, and an allocation of R300 million in 2011/12 for the refurbishment and maintenance of ports of entry. Infrastructure expenditure is expected to increase to R1.9 billion in 2014/15, mainly due to the allocation of additional funding for border post infrastructure used by the Department of Home Affairs. The following projects were completed in 2010/11: the construction of an office block for the Bloemfontein regional office, the upgrading of an operational area for the Skilpadshek border post, the upgrading of water reticulation and sewerage infrastructure for the Skilpadshek border post, and the upgrading of the housing component of the Golela border post.



*Large projects*

The upgrade to Public Works House is currently at the planning stage. It is anticipated that actual construction will start in June 2012 and will be completed by the end of March 2014. The project is estimated to cost R769 million over the MTEF period. In November 2011, the department's employees were relocated from Public Works House to the central government offices building. Public Works House is currently occupied by the Pretoria regional office's project management unit. The officials currently occupying Public Works House will be relocated to the AVN building, which is a leased building, to allow for the complete upgrading of Public Works House. The refurbished building will accommodate all department officials from both the head office and the Pretoria regional office.

*Small projects*

The project to upgrade the department's Durban regional office will begin in January 2012, and is scheduled to continue for 36 months until December 2014, at an estimated cost of R81 million. The project was allocated R9 million in 2011/12 for planning. Under the project, the building will be refurbished to comply with the occupational health and safety policy.

The upgrade of the Durban magistrate's office began in November 2011 and is scheduled to continue for 36 months. The project has an estimated cost of R110 million. Under the project, the condition of the building will be improved to meet the needs of the Department of Justice and Constitutional Development.

The department has identified 1 695 small refurbishment and maintenance projects to be executed over the MTEF period for various client departments, with an allocation of R2.3 billion in 2011/12 and R2.7 billion in 2012/2013. Each project is allocated less than R50 million to be used to improve the condition of buildings to ensure that client departments are able to operate in these facilities.

The department also has 662 small projects for the upgrading, construction and acquisition of sites. The capital works implementation programme consists of six programmes: constructing and maintaining government departments' buildings, managing risk in dolomitic areas, making public buildings more accessible to disabled people, upgrading land ports of entry, managing the prestige portfolio, and facilitating inner city regeneration. R1.4 billion was allocated in both 2011/12 and 2012/13.

The accessibility programme had a total allocation of R25 million in 2011/12, which was used to improve access by disabled people to 110 government buildings. The programme has been allocated R25 million in 2012/13 to prioritise improving accessibility to 100 government buildings by building passageways, ramps, lifts and ablution facilities for disabled people. Under this programme, the buildings will be made more accessible.

## Personnel information

**Table 7.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year <sup>2</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
<b>Department</b>	<b>6 369</b>	<b>5 006</b>	<b>316</b>	<b>5 234</b>	<b>4 966</b>	<b>5 006</b>	<b>5 006</b>	<b>5 006</b>	<b>5 006</b>	<b>5 006</b>
Salary level 1 – 6	3 346	2 806	130	3 096	2 840	2 806	2 806	2 806	2 806	2 806
Salary level 7 – 10	2 175	1 575	132	1 564	1 410	1 575	1 575	1 575	1 575	1 575
Salary level 11 – 12	666	484	48	434	576	484	484	484	484	484
Salary level 13 – 16	182	141	6	140	140	141	141	141	141	141
<b>Administration</b>	<b>708</b>	<b>509</b>	<b>62</b>	<b>536</b>	<b>478</b>	<b>509</b>	<b>509</b>	<b>509</b>	<b>509</b>	<b>509</b>
Salary level 1 – 6	152	113	27	147	113	113	113	113	113	113
Salary level 7 – 10	362	250	24	235	217	250	250	250	250	250
Salary level 11 – 12	120	83	9	88	86	83	83	83	83	83
Salary level 13 – 16	74	63	2	66	62	63	63	63	63	63
<b>Immovable Asset Management</b>	<b>5 348</b>	<b>4 297</b>	<b>227</b>	<b>4 544</b>	<b>4 317</b>	<b>4 297</b>	<b>4 297</b>	<b>4 297</b>	<b>4 297</b>	<b>4 297</b>
Salary level 1 – 6	3 150	2 672	78	2 942	2 705	2 672	2 672	2 672	2 672	2 672
Salary level 7 – 10	1 705	1 261	107	1 274	1 131	1 261	1 261	1 261	1 261	1 261
Salary level 11 – 12	422	308	39	276	426	308	308	308	308	308
Salary level 13 – 16	71	56	3	52	55	56	56	56	56	56

Table 7.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup> (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year <sup>2</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Expanded Public Works Programme</b>	<b>292</b>	<b>186</b>	<b>25</b>	<b>140</b>	<b>157</b>	<b>186</b>	<b>186</b>	<b>186</b>	<b>186</b>	<b>186</b>
Salary level 1 – 6	43	20	23	5	20	20	20	20	20	20
Salary level 7 – 10	100	58	1	49	56	58	58	58	58	58
Salary level 11 – 12	116	89	–	66	60	89	89	89	89	89
Salary level 13 – 16	33	19	1	20	21	19	19	19	19	19
<b>Property and Construction Industry Policy Regulations</b>	<b>21</b>	<b>14</b>	<b>2</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
Salary level 1 – 6	1	1	2	2	2	1	1	1	1	1
Salary level 7 – 10	8	6	–	6	6	6	6	6	6	6
Salary level 11 – 12	8	4	–	4	4	4	4	4	4	4
Salary level 13 – 16	4	3	–	2	2	3	3	3	3	3

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2011.

The department had an establishment of 6 369 posts as at 30 September 2011. The number of filled posts, including those additional to the structure, grew from 5 234 in 2008/09 to 5 006 in 2011/12. As at 30 September 2011, the department had 1 363 vacant posts, the majority of which were within the *Immovable Asset Management* programme under operations management. The ratio of support staff to line staff is 1: 3.

The use of information system consultants within the *Administration* programme is equivalent to 1.1 per cent of the total establishment of 509 and the use of the security services providers within the programme is equivalent to 0.9 per cent of the total staff establishment. The use of security services providers within the *Immovable Asset Management* programme is equivalent to 3.2 per cent of the total establishment of 4 297.

## Departmental receipts

Table 7.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
<b>Departmental receipts</b>	<b>28 510</b>	<b>39 592</b>	<b>40 042</b>	<b>38 658</b>	<b>34 525</b>	<b>36 231</b>	<b>38 023</b>	<b>39 902</b>
<b>Sales of goods and services produced by department</b>	<b>24 614</b>	<b>30 018</b>	<b>33 743</b>	<b>33 896</b>	<b>29 763</b>	<b>31 231</b>	<b>32 772</b>	<b>34 390</b>
Sales by market establishments	24 614	401	414	4 547	414	414	414	414
of which:								
Market establishment: Rental parking: Covered and open	24 614	401	414	4 547	414	414	414	414
Administrative fees	–	–	–	458	458	481	505	530
of which:								
Servitude rights	–	–	–	1	1	1	1	1
Commission insurance	–	–	–	457	457	480	504	529
Other sales	–	29 617	33 329	28 891	28 891	30 336	31 853	33 446
of which:								
Tender documents	–	29 617	33 329	5 856	5 856	6 149	6 457	6 779
Rental capital assets	–	–	–	23 035	23 035	24 187	25 396	26 667
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>21</b>	<b>13</b>	<b>–</b>	<b>445</b>	<b>445</b>	<b>467</b>	<b>490</b>	<b>515</b>
of which:								
Sales: Scrap	21	13	–	331	331	347	364	383
Sales: Waste paper	–	–	–	114	114	120	126	132
<b>Fines, penalties and forfeits</b>	<b>1</b>	<b>4</b>	<b>19</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
<b>Interest, dividends and rent on land</b>	<b>552</b>	<b>2 656</b>	<b>192</b>	<b>520</b>	<b>520</b>	<b>546</b>	<b>574</b>	<b>601</b>
Interest	549	2 646	192	488	488	512	538	565
Rent on land	3	10	–	32	32	34	36	36

Table 7.4 Receipts (continued)

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Sales of capital assets	940	3 062	1 071	1 385	1 385	1 454	1 527	1 603
Transactions in financial assets and liabilities	2 382	3 839	5 017	2 396	2 396	2 516	2 642	2 774
<b>Total</b>	<b>28 510</b>	<b>39 592</b>	<b>40 042</b>	<b>38 658</b>	<b>34 525</b>	<b>36 231</b>	<b>38 023</b>	<b>39 902</b>

Departmental receipts are accumulated mainly from the rental of capital assets such as properties, official quarters and parking space, and tender document fees and minor items such as servitude rights and the sale of capital assets. Between 2008/09 and 2011/12, revenue increased from R28.5 million to R34.5 million, at an average annual rate of 6.6 per cent. Over the medium term, revenue is expected to increase to R39.9 million, at an average annual rate of 5 per cent. The increases on all items are mainly due to inflation.

## Programme 1: Administration

### Expenditure estimates

Table 7.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Ministry	20 310	29 403	29 360	36 268	26 309	27 628	29 278
Management	142 946	50 872	60 027	65 745	72 386	76 708	81 497
Corporate Services	420 925	281 950	276 935	271 964	326 231	338 144	358 761
Office Accommodation	217 371	411 203	313 133	403 544	469 052	504 900	535 194
<b>Total</b>	<b>801 552</b>	<b>773 428</b>	<b>679 455</b>	<b>777 521</b>	<b>893 978</b>	<b>947 380</b>	<b>1 004 730</b>
Change to 2011 Budget estimate				26 488	41 230	37 452	(14 014)

#### Economic classification

	795 490	735 817	653 238	750 835	868 280	921 649	978 750
<b>Current payments</b>							
Compensation of employees	226 362	154 186	169 058	181 392	198 017	204 946	220 234
Goods and services	538 578	578 363	483 800	557 452	667 602	713 948	755 116
<i>of which:</i>							
Administrative fees	1 331	516	294	453	480	492	488
Advertising	14 083	9 791	1 956	8 981	8 712	9 281	8 770
Assets less than the capitalisation threshold	771	456	704	446	475	504	535
Audit cost: External	32 000	31 554	18 511	33 708	35 764	37 100	39 325
Bursaries: Employees	3 369	4 369	1 115	4 200	2 000	2 000	2 000
Catering: Departmental activities	759	478	328	770	814	859	911
Communication	12 001	9 080	8 274	7 957	6 464	6 644	6 822
Computer services	12 591	6 757	38 165	7 061	45 348	43 949	50 171
Consultants and professional services: Business and advisory services	30 567	2 979	25 086	4 050	4 028	4 058	4 103
Consultants and professional services: Infrastructure and planning	–	79	–	85	–	96	102
Consultants and professional services: Legal costs	10 074	7 072	6 029	5 567	8 871	8 218	8 768
Contractors	96 089	1 101	1 049	1 038	469	1 171	1 195
Agency and support / outsourced services	48 933	41 695	21 793	28 042	29 002	32 532	34 286
Entertainment	311	266	350	430	457	481	509

Table 7.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Economic classification</b>							
<i>Fleet services (including government motor transport)</i>	134	111	–	245	1 152	1 197	1 282
<i>Inventory: Food and food supplies</i>	4	3	4	3	3	3	3
<i>Inventory: Fuel, oil and gas</i>	1 434	1 324	1 925	1 417	679	624	661
<i>Inventory: Learner and teacher support material</i>	23	2	10	3	3	3	8
<i>Inventory: Materials and supplies</i>	136	71	162	21	23	124	131
<i>Inventory: Medical supplies</i>	1	1	–	1	1	2	2
<i>Inventory: Other consumables</i>	594	315	254	341	292	310	329
<i>Inventory: Stationery and printing</i>	5 047	4 716	4 050	3 592	4 432	4 787	4 970
<i>Lease payments</i>	142 159	166 266	187 109	228 494	241 149	240 317	254 637
<i>Property payments</i>	95 032	262 356	140 048	187 738	241 856	277 704	293 757
<i>Travel and subsistence</i>	19 572	17 608	18 591	23 186	16 409	22 112	21 135
<i>Training and development</i>	5 852	5 194	1 311	5 331	8 151	8 518	9 029
<i>Operating expenditure</i>	1 150	729	5 240	578	7 664	7 955	8 056
<i>Venues and facilities</i>	4 561	3 474	1 442	3 714	2 904	2 907	3 131
<i>Interest and rent on land</i>	30 550	3 268	380	11 991	2 661	2 755	3 400
<b>Transfers and subsidies</b>	<b>200</b>	<b>272</b>	<b>2 366</b>	<b>594</b>	<b>625</b>	<b>656</b>	<b>695</b>
Provinces and municipalities	–	–	2	10	11	11	11
Households	200	272	2 364	584	614	645	684
<b>Payments for capital assets</b>	<b>5 862</b>	<b>4 743</b>	<b>23 839</b>	<b>26 092</b>	<b>25 073</b>	<b>25 075</b>	<b>25 285</b>
Machinery and equipment	5 835	4 681	22 224	20 842	19 560	19 259	19 120
Software and other intangible assets	27	62	1 615	5 250	5 513	5 816	6 165
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	7 000	–	15 550	13 729	13 115
<b>Payments for financial assets</b>	<b>–</b>	<b>32 596</b>	<b>12</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>801 552</b>	<b>773 428</b>	<b>679 455</b>	<b>777 521</b>	<b>893 978</b>	<b>947 380</b>	<b>1 004 730</b>

**Details of transfers and subsidies**

<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>200</b>	<b>272</b>	<b>2 364</b>	<b>584</b>	<b>614</b>	<b>645</b>	<b>684</b>
Employee social benefits	200	272	2 364	584	614	645	684
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal agencies and funds</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>
Vehicle licences	–	–	2	10	11	11	11

**Expenditure trends**

Between 2008/09 and 2011/12, spending in this programme decreased from R801.6 million in 2008/09 to R777.5 million in 2011/12, at an average annual rate of 1 per cent, mainly as a result of the reallocation of regional office expenditure from the *Administration* programme to the *Immovable Asset Management* programme. Expenditure on compensation of employees declined from R226.4 million in 2008/09 to R181.4 million in 2011/12, at an average annual rate of 7.1 per cent, due to the realignment.

Over the medium term, expenditure is expected to increase to R1 billion, at an average annual rate of 8.9 per cent. This growth is mainly due to the additional funding allocated to provide for the anticipated

shortfall in the budget for municipal charges expenditure over the medium term brought about by the realignment of tariffs with the rising cost of electricity.

Expenditure on consultants is expected to be R12.9 million in 2012/13, R12.4 million in 2013/14 and R13 million in 2014/15, and will mainly cater for the appointment of consultants to manage the department's information system technology.

## **Programme 2: Immovable Asset Management**

### **Objectives and measures**

- Enhance the value of the state immovable asset portfolio and improve the condition of state buildings by rehabilitating 45 buildings over the MTEF period to ensure that service delivery to client departments is improved.
- Ensure that all state buildings and facilities are accessible to all, including people with disabilities, by building basic requirements such as ramps, parking facilities, ablution facilities, appropriate doorways, lifts and signage for 100 buildings in 2012/13.
- Ensure that 100 per cent of properties (109 293 as at 31 March 2011) in the asset register are populated with essential information by 31 March 2013 to ensure that immovable assets are fully utilised and maintained and that the department is able to make informed decisions on the assets.

### **Subprogrammes**

- *Infrastructure (Public Works)* funds the acquisition of infrastructure for the department, the prestige portfolio and the infrastructure component of the mandate of the border control operational coordinating committee. This subprogramme had no staff complement and a total budget of R1.4 billion in 2011/12, of which 34 per cent was used for the infrastructure requirements of the border control operational coordinating committee, while 38 per cent was used for the construction, upgrading and refurbishment of residential accommodation for prestige management. Additional funding over the MTEF period of R110 million, R130 million and R160 million was allocated for the upgrading, maintenance and refurbishment of border post infrastructure used by the Department of Home Affairs. Overall expenditure cuts over the MTEF period of R100 million, R100 million and R120 million have been effected in this subprogramme.
- *Property Management* funds the allocation for the devolution of the property rates funds grant to provinces to facilitate the transfer of property rates expenditure responsibility to provinces. This is a conditional grant allocated to all public works provincial departments to cover the cost of property rates charges of all provincial government buildings. Funds are allocated per province based on the department's calculations, which are informed by the property list from its register of properties and based on inputs from the provinces. This subprogramme had no staff complement and a total budget of R1.8 billion in 2011/12, which was transferred to provinces as follows: R192.7 million to Eastern Cape, R219.9 million to Free State, R270.8 million to Gauteng, R518.6 million to KwaZulu-Natal, R34 million to Limpopo, R74 million to Mpumalanga, R41.8 million to Northern Cape, R160.2 million to North West and R291.3 million to Western Cape. The key output for this subprogramme is the payment of property rates for provincially owned and deemed to be owned properties within 30 days of the receipt of verified invoices submitted by municipalities. In 2009/10, provinces spent 81.7 per cent of the R1.4 billion transferred to them by the department. The department is responsible for the payment of outstanding provincial property rates arrears that existed before the devolution of properties from the national to the provincial sphere that came into effect on 1 April 2008, and must oversee the transfer of the function and skills development of the provincial receiving officers. Expenditure cuts over the medium term of R19.4 million, R38.9 million and R48.6 million have been identified in this subprogramme.
- *Strategic Asset Investment Analysis* provides for the strategic management of immovable assets owned or used for delivering various government services that are expected to yield functional, economic and social benefits to the state. This subprogramme had a staff complement of 218 and a total budget of R253.5 million in 2011/12, of which 96.9 per cent was used on compensation of employees and related

goods and services. The key output for this subprogramme is to ensure efficient and effective management of immovable assets throughout their life cycle. No savings in 2012/13 have been identified in this subprogramme.

- *Operation Management* funds the acquisition and construction of infrastructure for the department and client departments. This subprogramme had a staff complement of 4 079 and a total budget of R917.2 million in 2011/12, of which 85 per cent was used for compensation of employees. The subprogramme aims to ensure that all projects and services such as municipal services and leasing of properties are implemented so as to improve service delivery of the client department. The department reprioritised R18.8 million in 2012/13, R14.2 million in 2013/14 and R15.9 million in 2014/15 from this subprogramme to *Corporate Services* in the *Administration* programme to offset the projected overspending in that programme. This was due to the creation of additional posts by the department as well as the appointment of additional staff in the supply chain management and human resources management chief directorates, and in the property management trading entity. No savings in 2012/13 have been identified in this subprogramme.
- *Prestige Management* funds the allocation for activities relating to ministers' and deputy ministers' residences. This subprogramme had a staff complement of 67 and a total budget of R68.5 million in 2011/12, of which 57.7 per cent was used for compensation of employees and goods and services, while 42.3 per cent was used for payments for machinery and equipment for ministers and deputy ministers. Over the medium term, the department will upgrade and construct 150 structures in the prestige accommodation category, including completion of the feasibility study on the construction of the parliamentary precinct in Cape Town and the implementation of the maintenance plan for prestige assets. No savings in 2012/13 have been identified in this subprogramme.
- *Special Projects* funds the implementation of non-recurring and technical projects in the department. This subprogramme had a staff complement of 34 and a total budget of R42 million in 2011/12, of which 70.2 per cent was used for goods and services. This subprogramme ensures that the department delivers on all planned infrastructure projects, such as project management in the design and construction of the Pan African Parliament and previously for infrastructure projects related to the 2010 FIFA World Cup, to ensure that they were delivered timeously and efficiently. No savings in 2012/13 have been identified in this subprogramme.
- *Construction Industry Development Board* is a special subprogramme for receiving funds to be transferred to the Construction Industry Development Board, which is an entity of the department. The subprogramme had no staff complement and a total budget of R66 million in 2011/12, which was transferred in full to the Construction Industry Development Board to fund its operations. No savings in 2012/13 have been identified in this subprogramme.
- *Council for the Built Environment* is a special subprogramme for receiving funds to be transferred to the Council for the Built Environment, which is an entity of the department. The subprogramme had no staff complement and a total budget of R28.7 million, which was transferred in full to the Council for the Built Environment to fund its operations. No savings in 2012/13 have been identified in this subprogramme.
- *Parliamentary Village Management Board* provides for the transportation and related costs of parliamentarians and related officials. This subprogramme had no staff complement and a total budget of R7.4 million in 2011/12, which was transferred in full to the Parliamentary Villages Management Board to fund its operations. The purpose of the subprogramme is to ensure efficient and effective provision of transport to officials residing at the parliamentary village. No savings in 2012/13 have been identified in this subprogramme.
- *Augmentation of the Property Management Trading Entity* is a special subprogramme for receiving funds to be transferred to the property management trading entity. This subprogramme had no staff complement and a total budget of R630.2 million in 2011/12, which was transferred in full to fund the operations of the entity. No savings in 2012/13 have been identified in this subprogramme.

- *Independent Development Trust* is a special subprogramme for receiving funds to be transferred to the Independent Development Trust, which is an entity of the department. The Independent Development Trust was founded in 1990 as a schedule 2 public entity with a once off R2 billion government endowment. However, the entity's financial constraints necessitated additional funding of R150 million in 2011/12 to ensure that the entity remained a going concern and that it is able to develop a business case articulating its transformation over the MTEF period. This subprogramme had no staff complement and no savings over the MTEF period have been identified.

## Expenditure estimates

**Table 7.6 Immovable Asset Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Infrastructure (Public Works)	988 373	1 253 581	1 255 874	1 443 945	1 484 742	1 754 653	1 868 132
Property Management	889 325	1 353 945	1 865 227	1 803 230	1 918 659	2 051 993	2 167 743
Strategic Asset Investment Analysis	98 187	121 054	165 858	253 465	158 903	172 136	182 765
Operation Management	606 285	835 292	883 578	917 207	954 627	1 016 084	1 071 003
Prestige Management	–	–	70 631	68 495	56 177	52 283	62 464
Special Projects	28 880	22 769	18 211	41 995	41 995	44 305	46 963
Construction Industry Development Board	41 891	59 269	63 665	65 959	66 882	70 561	74 795
Council for the Built Environment	26 286	24 155	25 527	28 659	27 438	28 947	30 684
Parliamentary Village Management Board	6 337	6 607	6 982	7 401	7 771	8 198	8 690
Augmentation of the Property Management Trading Entity	528 000	588 411	612 967	630 189	646 849	682 426	723 372
Independent Development Trust	–	–	–	150 000	–	–	–
<b>Total</b>	<b>3 213 564</b>	<b>4 265 083</b>	<b>4 968 520</b>	<b>5 410 545</b>	<b>5 364 043</b>	<b>5 881 586</b>	<b>6 236 611</b>
Change to 2011 Budget estimate				(14 400)	(44 289)	(38 078)	–

### Economic classification

	704 970	939 300	1 023 345	1 206 484	1 137 646	1 201 964	1 274 085
<b>Current payments</b>							
Compensation of employees	517 442	761 256	850 120	960 043	953 923	1 016 917	1 087 298
Goods and services	185 284	175 658	169 256	243 176	176 731	178 270	179 603
<i>of which:</i>							
<i>Administrative fees</i>	129	183	110	203	215	222	240
<i>Advertising</i>	3 448	4 515	7 642	5 044	8 436	9 120	9 096
<i>Assets less than the capitalisation threshold</i>	5 904	7 589	9 703	8 392	3 943	3 832	10 879
<i>Bursaries: Employees</i>	452	605	151	667	600	400	609
<i>Catering: Departmental activities</i>	1 013	1 388	1 409	608	635	664	704
<i>Communication</i>	23 943	15 458	18 569	12 664	15 072	16 573	17 447
<i>Computer services</i>	550	720	378	814	858	904	1 026
<i>Consultants and professional services: Business and advisory services</i>	18 954	10 552	9	13 128	34 718	35 708	25 538
<i>Consultants and professional services: Infrastructure and planning</i>	110	126	85	139	146	153	155
<i>Consultants and professional services: Legal costs</i>	554	658	107	726	–	–	–
<i>Contractors</i>	23 572	25 591	36 133	47 503	3 504	3 503	3 504
<i>Agency and support / outsourced services</i>	17 384	20 657	6 732	17 961	11 561	11 363	12 045
<i>Entertainment</i>	116	141	173	173	182	191	203

Table 7.6 Immovable Asset Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Fleet services (including government motor transport)</i>	1	1	4	2	14 682	15 936	16 530
<i>Inventory: Food and food supplies</i>	5	6	7	8	9	9	12
<i>Inventory: Fuel, oil and gas</i>	20 857	24 865	22 226	21 414	9 000	9 000	9 004
<i>Inventory: Learner and teacher support material</i>	7	8	15	10	11	11	11
<i>Inventory: Materials and supplies</i>	562	756	1 037	836	879	904	958
<i>Inventory: Medical supplies</i>	6	7	22	9	10	11	11
<i>Inventory: Other consumables</i>	9 165	10 566	13 745	10 684	15 271	17 242	17 131
<i>Inventory: Stationery and printing</i>	5 053	5 906	6 017	1 311	6 024	6 528	6 531
<i>Lease payments</i>	11 492	13 973	20 536	14 637	2 916	3 149	3 401
<i>Property payments</i>	572	608	651	70 670	1 255	1 200	1 253
<i>Travel and subsistence</i>	36 587	25 023	18 280	8 738	38 631	33 120	33 977
<i>Training and development</i>	2 160	2 770	3 463	3 791	5 006	5 228	5 542
<i>Operating expenditure</i>	1 874	2 052	1 977	2 609	2 779	2 956	3 133
<i>Venues and facilities</i>	814	934	75	435	388	343	663
<i>Interest and rent on land</i>	2 244	2 386	3 969	3 265	6 992	6 777	7 184
<b>Transfers and subsidies</b>	<b>1 494 428</b>	<b>2 036 497</b>	<b>2 577 575</b>	<b>2 688 693</b>	<b>2 670 977</b>	<b>2 845 645</b>	<b>3 009 015</b>
Provinces and municipalities	889 325	1 349 738	1 865 231	1 803 245	1 918 674	2 052 008	2 167 758
Departmental agencies and accounts	602 514	678 442	709 141	732 208	748 940	790 132	837 541
Public corporations and private enterprises	–	–	–	150 000	–	–	–
Households	2 589	8 317	3 203	3 240	3 363	3 505	3 716
<b>Payments for capital assets</b>	<b>1 014 166</b>	<b>1 289 286</b>	<b>1 313 041</b>	<b>1 515 368</b>	<b>1 555 420</b>	<b>1 833 977</b>	<b>1 953 511</b>
Buildings and other fixed structures	988 373	1 253 581	1 255 873	1 443 945	1 484 742	1 754 653	1 868 132
Machinery and equipment	25 523	35 418	57 065	71 272	70 519	79 156	85 201
Software and other intangible assets	270	287	103	151	159	168	178
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	15 000	–	23 146	24 312	26 122
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>54 559</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>3 213 564</b>	<b>4 265 083</b>	<b>4 968 520</b>	<b>5 410 545</b>	<b>5 364 043</b>	<b>5 881 586</b>	<b>6 236 611</b>

**Details of transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>602 514</b>	<b>678 442</b>	<b>709 141</b>	<b>732 208</b>	<b>748 940</b>	<b>790 132</b>	<b>837 541</b>
Construction Industry Development Board	41 891	59 269	63 665	65 959	66 882	70 561	74 795
Council for the Built Environment	26 286	24 155	25 527	28 659	27 438	28 947	30 684
Parliamentary Villages Management Board	6 337	6 607	6 982	7 401	7 771	8 198	8 690
Property Management Trading Entity	528 000	588 411	612 967	630 189	646 849	682 426	723 372
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>2 589</b>	<b>8 317</b>	<b>3 203</b>	<b>3 240</b>	<b>3 363</b>	<b>3 505</b>	<b>3 716</b>
Employee social benefits	–	137	450	154	163	173	183
Officials on pension: Employee social benefits	2 589	3 973	2 753	3 086	3 200	3 332	3 533
Property management	–	4 207	–	–	–	–	–



Table 7.6 Immovable Asset Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Economic classification</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal agencies and funds</b>							
<b>Current</b>	-	-	4	15	15	15	15
Vehicle licences	-	-	4	15	15	15	15
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial Revenue Funds</b>							
<b>Current</b>	889 325	1 349 738	1 865 227	1 803 230	1 918 659	2 051 993	2 167 743
Devolution of property rate funds grant	889 325	1 349 738	1 865 227	1 803 230	1 918 659	2 051 993	2 167 743
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers to public corporations</b>							
<b>Current</b>	-	-	-	150 000	-	-	-
Independent Development Trust	-	-	-	150 000	-	-	-

## Expenditure trends

Between 2008/09 and 2011/12, spending increased from R3.2 billion to R5.4 billion, at an average annual rate of 17.7 per cent. The growth is due to increased spending for the devolution of the property rates fund grant to provinces, resulting from the allocation of additional funds to provide for the shortfall in budgeted expenditure. Additional funds are also allocated for buildings and other fixed structures expenditure, specifically that related to the acquisition of infrastructure for the department, the augmentation of the property management trading entity and the once-off allocation of R150 million to the Independent Development Trust in 2011/12.

Since 2008/09, the outputs achieved through funding provided by this programme have included the disposal of 34 properties for land reform purposes, the release of 1 031 hectares of land for human settlement purposes, the signing of a service level agreement with the City of Tshwane and the appointment of a consortium to develop a precinct plan project for the regeneration of the Pretoria inner city, and the completion of the refurbishment of the Golela border post infrastructure and phase 1 of the redevelopment of the Lebombo border post.

Over the medium term, expenditure is expected to increase to R6.2 billion, at an average annual rate of 5.9 per cent. This is due to additional funding provided for the increase in expenditure for the devolution of property rates fund grant to provinces, and additional funding provided for the construction and maintenance of the Department of Home Affairs' border control infrastructure.

Over the MTEF period, R34.9 million, R35.9 million and R25.7 million is to be spent on consultants, who will be mainly involved in the project for updating the asset register.

## Programme 3: Expanded Public Works Programme

### Objectives and measures

- Create 1 210 000 work opportunities and 502 174 full time equivalents through the expanded public works programme by upscaling the expanded public works programme and improving the coordination and performance of the expanded public works programme in all 4 participating sectors in 2012/13.
- Increase the department's participation in the implementation of the expanded public works programme by ensuring that at least 3 500 youth participate in the national youth service programme in 2012/13.

- Upscale the expanded public works programme in municipalities by increasing the number of public bodies reporting on the implementation of the expanded public works programme from 232 in 2011/12 to 278 municipalities in 2012/13.

## Subprogrammes

- Expanded Public Works Programme* promotes the use of government expenditure to create additional employment opportunities by introducing labour intensive delivery methods and additional employment and skills programmes for the participation of the unemployed in delivering needed services. This subprogramme had a staff complement of 186 and a total budget of R264.4 million in 2011/12, of which 61.7 per cent was used for goods and services. Between 2009/10 and March 2014, the programme aims to coordinate the creation of 4.5 million work opportunities for unemployed people through the use of labour intensive methods such as the Zibambeke programme, an initiative of the KwaZulu-Natal department of transport, which contracts households to maintain rural roads by ensuring good roadside visibility, maintaining the road drainage system and road surfaces, and clearing road verges of litter. Expenditure cuts over the MTEF period of R11 million, R11.7 million and R13.1 million have been effected on spending on goods and services.
- Performance Based Incentive Allocations* disburses funds to provinces, municipalities and non-governmental organisations, based on set job creation targets. This subprogramme had no staff complement and a total budget of R1.3 billion in 2011/12, of which 87.5 per cent was transferred to the expanded public works programme incentive grants for provinces and municipalities. The subprogramme is intended to ensure the creation of work opportunities in the infrastructure, environment and culture, social and non-state sectors by incentivising eligible public bodies and nongovernmental organisations to increase job creation efforts in these sectors through the use of labour intensive methods in line with expanded public works programme guidelines. Projects include municipal and provincial expanded public works programme projects for refuse collection, beach cleaning, the clearing of alien vegetation, pothole or road mending, and the painting of government buildings. Overall expenditure cuts over the MTEF period of R130.8 million, R154.1 million and R177.5 million have been effected from performance based incentive allocations to bring allocations in line with projected expanded public works programme performance.

## Expenditure estimates

**Table 7.7 Expanded Public Works Programme**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand							
Expanded Public Works Programme	133 038	99 337	206 405	264 438	257 235	271 613	287 281
Performance Based Incentive Allocations	–	338 760	708 986	1 310 760	1 401 765	1 689 395	1 820 704
<b>Total</b>	<b>133 038</b>	<b>438 097</b>	<b>915 391</b>	<b>1 575 198</b>	<b>1 659 000</b>	<b>1 961 008</b>	<b>2 107 985</b>
Change to 2011 Budget estimate				–	(70 367)	(35 621)	–
<b>Economic classification</b>							
<b>Current payments</b>	<b>131 889</b>	<b>112 957</b>	<b>213 375</b>	<b>271 584</b>	<b>265 257</b>	<b>279 110</b>	<b>295 231</b>
Compensation of employees	47 766	54 847	64 081	99 110	95 597	97 248	103 083
Goods and services	84 123	58 004	144 812	172 410	169 596	181 798	192 080
<i>of which:</i>							
Administrative fees	–	–	–	3	4	5	5
Advertising	20 429	609	4 940	25 693	4 584	4 636	4 238
Assets less than the capitalisation threshold	246	347	207	90	95	100	106
Bursaries: Employees	–	2	–	–	–	–	–

Table 7.7 Expanded Public Works Programme (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Catering: Departmental activities</i>	973	249	687	117	123	130	138
<i>Communication</i>	660	1 028	466	973	1 000	1 003	1 063
<i>Computer services</i>	166	12	683	293	308	323	342
<i>Consultants and professional services: Business and advisory services</i>	2 442	3 247	99 627	3 412	–	–	–
<i>Consultants and professional services: Infrastructure and planning</i>	7 059	19 337	–	29 170	55 480	61 575	65 317
<i>Consultants and professional services: Legal costs</i>	–	–	–	5 791	–	–	–
<i>Contractors</i>	238	1 084	454	6 252	–	–	–
<i>Agency and support / outsourced services</i>	34 732	15 411	13 396	83 102	89 246	93 590	99 208
<i>Entertainment</i>	76	67	123	–	–	–	–
<i>Inventory: Food and food supplies</i>	5	–	1	12	–	–	–
<i>Inventory: Fuel, oil and gas</i>	–	–	47	–	–	–	–
<i>Inventory: Learner and teacher support material</i>	482	–	–	361	379	398	422
<i>Inventory: Materials and supplies</i>	–	3	23	–	–	–	–
<i>Inventory: Other consumables</i>	2	10	288	12	–	–	–
<i>Inventory: Stationery and printing</i>	1 072	564	864	373	390	409	434
<i>Lease payments</i>	144	118	1 250	407	427	500	530
<i>Property payments</i>	–	–	9	–	–	–	–
<i>Travel and subsistence</i>	8 790	10 385	14 219	15 191	16 201	17 395	18 439
<i>Training and development</i>	1 455	322	4 848	–	–	–	–
<i>Operating expenditure</i>	344	103	491	8	9	10	11
<i>Venues and facilities</i>	4 808	5 106	2 189	1 150	1 350	1 724	1 827
<i>Interest and rent on land</i>	–	106	4 482	64	64	64	68
<b>Transfers and subsidies</b>	–	<b>324 260</b>	<b>698 555</b>	<b>1 301 630</b>	<b>1 392 176</b>	<b>1 679 276</b>	<b>1 809 975</b>
Provinces and municipalities	–	216 706	518 660	1 147 210	1 109 402	1 321 112	1 400 139
Public corporations and private enterprises	–	–	73	–	–	–	–
Non-profit institutions	–	107 554	179 811	154 370	282 724	358 114	409 786
Households	–	–	11	50	50	50	50
<b>Payments for capital assets</b>	<b>1 149</b>	<b>880</b>	<b>3 461</b>	<b>1 984</b>	<b>1 567</b>	<b>2 622</b>	<b>2 779</b>
Machinery and equipment	1 149	880	2 962	1 984	1 567	2 622	2 779
Software and other intangible assets	–	–	499	–	–	–	–
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	1 084	–	638	638	676
<b>Total</b>	<b>133 038</b>	<b>438 097</b>	<b>915 391</b>	<b>1 575 198</b>	<b>1 659 000</b>	<b>1 961 008</b>	<b>2 107 985</b>

**Details of transfers and subsidies**

<b>Non-profit institutions</b>							
<b>Current</b>	–	<b>107 554</b>	<b>179 811</b>	<b>154 370</b>	<b>282 724</b>	<b>358 114</b>	<b>409 786</b>
Environmental and cultural sector	–	–	–	–	–	–	–
Non-state sector	–	107 554	179 811	154 370	282 724	358 114	409 786
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	–	–	<b>11</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
Employee social benefits	–	–	11	50	50	50	50

Table 7.7 Expanded Public Works Programme (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	-	116 219	239 044	467 627	510 162	619 188	656 227
Social sector expanded public works programme incentive grant for provinces	-	-	56 637	200 358	217 401	257 564	272 972
Expanded public works programme integrated grant for provinces	-	116 219	182 407	267 269	292 761	361 624	383 255
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers to private enterprises</b>							
<b>Current</b>	-	-	73	-	-	-	-
Gift and donations	-	-	73	-	-	-	-
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	-	100 487	279 616	679 583	599 240	701 924	743 912
Expanded public works programme integrated grant to municipalities	-	100 487	279 616	679 583	599 240	701 924	743 912

## Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R133 million in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 107.8 per cent. The growth in expenditure was mainly the result of the increase in the allocation for transfers and subsidies to fund the expanded public works programme incentives for participating public bodies in the infrastructure sector, non-state sector, environment and culture sector and the social sector.

The incentive grant for municipalities and provinces, which incentivised municipalities and provincial departments to increase job creation efforts in expanded public works programmes by shifting towards more labour intensive methods of construction, was introduced following Cabinet's approval in June 2008 for the implementation of the second phase of the expanded public works programme. However, as from 2012/13, the infrastructure sector expanded public works programme grant model has been revised and changed from a schedule 8 grant (incentives to provinces and municipalities) to a schedule 5 (provinces) and schedule 6 (municipalities) grant to make funding more predictable. This phase of the programme has the objective of creating 4.5 million work opportunities, including approximately 2 million full time equivalents, for poor and unemployed people in South Africa by March 2014. The expanded public works programme performance based incentives were allocated R3.9 billion between 2008/09 and 2010/11, which contributed to the achievement of the overall performance of approximately 1 268 975 work opportunities created against a target of 1 192 000 and 343 909 full time equivalents against a target of 471 741.

Over the medium term, expenditure is expected to increase to R2.1 billion, at an average annual rate of 20.9 per cent. This is mainly due to additional funding allocated to supplement wage costs for additional work opportunities created in the non-state sector component of the expanded public works programme.

R55.5 million in 2012/13, R61.6 million in 2013/14 and R65.3 million in 2014/15 has been allocated for spending on consultants, who will be mainly involved in providing support to municipalities on the implementation of expanded public works programme infrastructure projects to fast track service delivery.

## Programme 4: Property and Construction Industry Policy Regulations

### Objectives and measures

- Provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes in national and provincial government through the development of best practice guidelines by March 2015.
- Review legislation to regulate the construction and property industries by:
  - tabling the Expropriation Bill in Parliament by March 2013 to align it with the Constitution in order to provide a common framework to guide the processes and procedures for the expropriation of property by all organs of state
  - tabling the Agrément South Africa Bill in Parliament by March 2013 and establishing it as a juristic person, thereby improving its corporate governance and accountability.
- Develop a comprehensive policy framework to ensure environmental sustainability in the construction and property sectors through the implementation of the green building framework and the development of related policies and strategies by March 2015, thereby creating green jobs and promoting the growth of the green economy.

### Subprogrammes

- *Construction Industry Development Programme* creates an enabling environment for transforming the construction and development industry by developing appropriate legislation and implementing monitoring mechanisms for the sector. This subprogramme had a staff complement of 7 and a total budget of R23.2 million in 2011/12, of which 70.4 per cent was used for goods and services. The subprogramme aims to ensure transformation and regulation of the construction and property industries to ensure economic growth and development. No savings over the MTEF period have been identified in this subprogramme.
- *Property Industry Development Programme* provides leadership and guidance on the transformation of the property industry, and promotes uniformity and best practice on immovable asset management in the public sector through policy development. It also sets best practice standards for the compilation and maintenance of immovable asset registers and the administration of rights over state and private land through its guidelines. This subprogramme had a staff complement of 17 and a total budget of R11.7 million in 2011/12, of which 54.9 per cent was used for goods and services. The subprogramme aims to ensure effective and efficient strategic leadership in immovable asset management and the delivery of infrastructure programmes through, among other things, the review of the ministerial handbook, submission of Agrément South Africa and expropriation bills to Parliament, and the development of lifecycle property management policies. No savings over the MTEF period have been identified in this subprogramme.

### Expenditure estimates

**Table 7.8 Property and Construction Industry Policy Regulations**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Construction Industry Development Programme	20 732	6 103	15 989	23 225	21 013	22 048	23 521
Property Industry Development Programme	12 692	11 338	12 040	11 675	16 423	17 134	17 952
<b>Total</b>	<b>33 424</b>	<b>17 441</b>	<b>28 029</b>	<b>34 900</b>	<b>37 436</b>	<b>39 182</b>	<b>41 473</b>
Change to 2011 Budget estimate				–	1 000	1 000	–

Table 7.8 Property and Construction Industry Policy Regulations (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Economic classification</b>							
<b>Current payments</b>	<b>33 201</b>	<b>17 392</b>	<b>18 819</b>	<b>34 776</b>	<b>37 312</b>	<b>39 057</b>	<b>41 341</b>
Compensation of employees	9 440	5 822	6 434	12 005	12 617	13 311	14 110
Goods and services	23 761	11 558	12 368	22 749	24 660	25 709	27 192
<i>of which:</i>							
Administrative fees	1	–	–	5	5	6	6
Advertising	2 629	135	24	2 140	588	619	819
Assets less than the capitalisation threshold	16	1	50	25	320	325	327
Catering: Departmental activities	145	14	–	164	185	192	198
Communication	162	70	22	116	141	158	167
Computer services	28	3	–	18	21	27	28
Consultants and professional services: Business and advisory services	457	647	4 099	460	1 796	1 637	1 762
Consultants and professional services: Infrastructure and planning	8 103	8 248	6 416	7 966	7 000	7 000	7 000
Consultants and professional services: Legal costs	93	106	375	–	–	–	–
Contractors	23	7	9	28	128	134	137
Agency and support / outsourced services	8 644	120	–	8 620	10 503	11 198	11 870
Entertainment	14	12	11	17	19	23	25
Inventory: Food and food supplies	3	–	–	3	3	4	4
Inventory: Materials and supplies	–	184	–	180	100	100	272
Inventory: Other consumables	–	1	–	1	52	53	53
Inventory: Stationery and printing	129	104	176	77	207	225	232
Lease payments	151	131	162	130	140	150	156
Transport provided: Departmental activity	–	–	187	–	101	210	100
Travel and subsistence	2 065	713	51	1 670	1 797	2 042	2 165
Training and development	50	83	21	125	170	180	266
Operating expenditure	12	18	686	15	290	295	395
Venues and facilities	1 036	961	79	989	1 094	1 131	1 210
Interest and rent on land	–	12	17	22	35	37	39
<b>Transfers and subsidies</b>	<b>2</b>	<b>–</b>	<b>8 982</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Non-profit institutions	–	–	8 982	–	–	–	–
Households	2	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>221</b>	<b>49</b>	<b>228</b>	<b>124</b>	<b>124</b>	<b>125</b>	<b>132</b>
Machinery and equipment	221	49	228	124	124	125	132
<i>of which:</i>							
Capitalised goods and services	–	–	–	–	196	196	208
<b>Total</b>	<b>33 424</b>	<b>17 441</b>	<b>28 029</b>	<b>34 900</b>	<b>37 436</b>	<b>39 182</b>	<b>41 473</b>

**Details of transfers and subsidies**

<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>8 982</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Non-profit institution	–	–	8 982	–	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Social benefits	2	–	–	–	–	–	–

## Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R33.4 million to R34.9 million, at an average annual rate of 1.5 per cent. The growth in expenditure was mainly as a result of increases in the allocations for compensation of employees and goods and services, specifically the travel and subsistence, agency support/outsourced services, as well as professional services and advertising expenditure, due to annual inflationary adjustments.

Since 2008/09, the outputs achieved through funding provided by this programme have included the development of an action plan for the development of immovable asset lifecycle management guidelines, a framework and action plan for the rollout of the Government Immovable Asset Management Act (2007) in local government, and a policy on letting for commercial purposes.

Over the MTEF period, expenditure is expected to increase to R41.5 million, at an average annual rate of 5.9 per cent, to provide for improved conditions of service and related inflationary increases on goods and services. R8.8 million in 2012/13, R8.6 million in 2013/14 and R8.8 million in 2014/15 has been allocated for spending on consultants, who will mainly be involved in the department's review and alignment of construction and property related policies.

## Programme 5: Auxiliary and Associated Services

- *Compensation for Losses* provides compensation for losses in the state housing guarantee scheme when public servants fail to fulfil their obligations. This subprogramme had no staff complement and a total budget of R2.1 million in 2011/12, which was used for goods and services, specifically on contractors. No savings over the MTEF period have been identified in this subprogramme.
- *Assistance to Organisations for Preservation of National Memorials* provides funding to the Commonwealth War Graves Commission and to the United Nations for maintaining national memorials. This subprogramme had no staff complement and a total budget of R16.9 million in 2011/12, which was transferred to foreign governments and international organisations for the maintenance of national memorials. No savings over the MTEF period have been identified in this subprogramme.
- *State Functions* provides for the acquisition of logistical facilities for state functions. The subprogramme aims to ensure effective and efficient delivery of all state function activities. This subprogramme had no staff complement and a total budget of R10.1 million in 2011/12, was used for goods and services, mainly on contractors. No savings over the MTEF period have been identified in this subprogramme.
- *Sector Education and Training Authority* aims to influence training and skills development throughout the construction industry. This subprogramme had no staff complement and a total budget of R2.5 million in 2011/12, which was transferred to the Construction Education and Training Authority. No savings over the MTEF period have been identified in this subprogramme.

## Expenditure estimates

**Table 7.9 Auxiliary and Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Compensation for Losses	–	–	265	2 062	2 165	2 284	2 421
Distress Relief	–	–	–	1	1	1	1
Loskop Settlement	–	–	–	1	1	1	1
Assistance to Organisations for Preservation of National Memorials	13 669	14 774	13 863	16 915	19 441	20 510	21 741
State Functions	133	23 939	8 810	10 119	15 125	15 132	15 740
Sector Education and Training Authority	1 607	887	1 201	2 482	2 606	2 750	2 915
<b>Total</b>	<b>15 409</b>	<b>39 600</b>	<b>24 139</b>	<b>31 580</b>	<b>39 339</b>	<b>40 678</b>	<b>42 819</b>
Change to 2011 Budget estimate				(1 600)	5 000	5 000	–

Table 7.9 Auxiliary and Associated Services (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Economic classification</b>							
<b>Current payments</b>	<b>133</b>	<b>23 939</b>	<b>8 810</b>	<b>12 182</b>	<b>17 291</b>	<b>17 417</b>	<b>18 162</b>
Goods and services	133	23 939	8 810	12 182	17 291	17 417	18 162
<i>of which:</i>							
Administrative fees	–	–	–	–	2 165	2 284	2 421
Assets less than the capitalisation threshold	–	145	–	–	–	–	–
Catering: Departmental activities	–	16	–	–	–	–	–
Communication	–	4	–	–	–	–	–
Contractors	133	21 415	8 810	12 182	15 126	15 133	15 741
Agency and support / outsourced services	–	380	–	–	–	–	–
Entertainment	–	9	–	–	–	–	–
Inventory: Other consumables	–	628	–	–	–	–	–
Inventory: Stationery and printing	–	86	–	–	–	–	–
Lease payments	–	286	–	–	–	–	–
Property payments	–	90	–	–	–	–	–
Travel and subsistence	–	4	–	–	–	–	–
Venues and facilities	–	876	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>15 276</b>	<b>15 661</b>	<b>15 064</b>	<b>19 398</b>	<b>22 048</b>	<b>23 261</b>	<b>24 657</b>
Departmental agencies and accounts	1 607	887	1 201	2 482	2 606	2 750	2 915
Foreign governments and international organisations	13 669	14 774	13 863	16 915	19 441	20 510	21 741
Households	–	–	–	1	1	1	1
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>265</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>15 409</b>	<b>39 600</b>	<b>24 139</b>	<b>31 580</b>	<b>39 339</b>	<b>40 678</b>	<b>42 819</b>

**Details of transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>1 607</b>	<b>887</b>	<b>1 201</b>	<b>2 482</b>	<b>2 606</b>	<b>2 750</b>	<b>2 915</b>
Sector Education and Training Authority	1 607	887	1 201	2 482	2 606	2 750	2 915
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>13 669</b>	<b>14 774</b>	<b>13 863</b>	<b>16 915</b>	<b>19 441</b>	<b>20 510</b>	<b>21 741</b>
Commonwealth War Graves Commission	13 669	14 774	13 863	16 915	19 441	20 510	21 741
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Loskop Settlement	–	–	–	1	1	1	1

**Expenditure trends**

Between 2008/09 and 2011/12, expenditure increased from R15.4 million to R31.6 million, at an average annual rate of 27 per cent. The increase is mainly due to state function expenditure for the presidential inauguration in 2009/10, which was a once-off allocation to the department, and expenditure incurred on state funerals.

Over the MTEF period, expenditure is expected to increase to R42.8 million, at an average annual rate of 10.7 per cent. This is due to the increase in funds allocated for state functions, such as the imbizos and visits by heads of state from other countries.



## Public entities and other agencies

### Property management trading entity

#### Overview: 2008/09 – 2014/15

The property management trading entity was established following the decision in 2006 that accommodation related costs be devolved from the Department of Public Works to client departments. The devolution of budgets was aimed at ensuring the long term sustainability of the department and its immovable assets, and ensuring compliance with the Public Finance Management Act (1999), specifically the requirement that the full cost of a service be reflected on each department's budget. On a cost recovery basis, the property management trading entity finances the purchase, construction, refurbishment and maintenance of nationally owned government properties. At a commission, the entity also pays for leases and municipal services on behalf of national departments.

Since its inception in 2006, the property management trading entity has financed the refurbishment of the Civitas building, presently housing the Department of Health, the acquisition of the Salvokop precinct in Tshwane for the construction of a number of buildings for the headquarters of a number of departments, and the repair and maintenance of infrastructure at various ports of entry across the country.

Over the years, the main challenges faced by the entity in reporting its finances were an inadequate billing and accounting system and an incomplete immovable asset register. As at the end of 2010/11, 95 per cent of all invoices issued to client departments had been paid. An additional R140 million outstanding from previous years was also recovered.

The entity's medium term priorities include improving financial management practices within the entity by re-evaluating the entity's current policies and procedures, and implementing an adequate IT system to support the entity's operations.

### Selected performance indicators

**Table 7.10 Property management trading entity**

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Amount of revenue collected per year	All	R4.3bn	R5.4bn	R4.9bn	R4.7bn	R5bn	R5.5bn	R6bn
Average number of days to collect revenue	All	60	60	60	60	60	60	60
Amount invoiced outstanding at the end of the year	All	R143m	R109m	R100m	R95m	R100m	R110m	R120m

### Programmes/activities/objectives

**Table 7.11 Property management trading entity**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Maintenance and repair of buildings	159 877	626 821	812 909	731 600	804 605	898 071	1 009 097
Operating leases	3 012 215	2 431 249	3 011 552	2 931 949	3 171 275	3 424 977	3 698 975
Property rates	–	549 496	583 083	651 706	716 876	788 564	867 420
Cleaning and gardening services	–	225 448	392 416	204 584	223 771	246 148	270 763
Corporate services	–	141 104	120 358	41 440	20 155	16 314	11 265
<b>Total expense</b>	<b>3 172 092</b>	<b>3 974 118</b>	<b>4 920 318</b>	<b>4 561 279</b>	<b>4 936 682</b>	<b>5 374 074</b>	<b>5 857 520</b>

The property management trading entity had a total budget of R4.6 billion in 2011/12, of which 64.3 per cent was used for the payment of leases for privately owned buildings on behalf of client departments.

## Savings and cost effectiveness measures

Processes are being developed in conjunction with the department's asset investment branch to identify new accommodation for client departments in time to allow departments to budget for increased expenditure through the budgeting process, and to improve the entity's revenue collection and make more funds available for projects. Compensation of employees and goods and services costs are still carried by the Department of Public Works. Projects and properties (leases) are procured through a supply chain management structure, which ensures the best possible rates.

## Expenditure estimates

**Table 7.12 Property management trading entity**

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R thousand	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 545 877</b>	<b>3 210 838</b>	<b>4 266 016</b>	<b>4 031 090</b>	<b>4 389 833</b>	<b>4 791 648</b>	<b>5 234 148</b>
Sale of goods and services other than capital assets	2 543 090	3 210 838	4 142 359	4 026 090	4 384 833	4 786 647	5 229 147
<i>of which:</i>							
<i>Sales by market establishments</i>	2 543 090	2 385 026	3 193 956	3 044 817	3 295 430	3 561 547	3 849 202
<i>Other sales</i>	–	825 812	948 403	981 273	1 089 403	1 225 100	1 379 945
<i>Other non-tax revenue</i>	2 787	–	123 657	5 000	5 000	5 001	5 001
<b>Transfers received</b>	<b>528 000</b>	<b>588 411</b>	<b>612 967</b>	<b>630 189</b>	<b>646 849</b>	<b>682 426</b>	<b>723 372</b>
<b>Total revenue</b>	<b>3 073 877</b>	<b>3 799 249</b>	<b>4 878 983</b>	<b>4 661 279</b>	<b>5 036 682</b>	<b>5 474 074</b>	<b>5 957 520</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>3 172 092</b>	<b>3 424 622</b>	<b>4 337 235</b>	<b>3 909 573</b>	<b>4 219 806</b>	<b>4 585 510</b>	<b>4 990 100</b>
Goods and services	3 172 092	3 424 622	4 337 235	3 891 932	4 200 701	4 561 756	4 965 791
Interest, dividends and rent on land	–	–	–	17 641	19 105	23 754	24 309
<b>Transfers and subsidies</b>	<b>–</b>	<b>549 496</b>	<b>583 083</b>	<b>651 706</b>	<b>716 876</b>	<b>788 564</b>	<b>867 420</b>
<b>Total expenses</b>	<b>3 172 092</b>	<b>3 974 118</b>	<b>4 920 318</b>	<b>4 561 279</b>	<b>4 936 682</b>	<b>5 374 074</b>	<b>5 857 520</b>
<b>Surplus / (Deficit)</b>	<b>(98 215)</b>	<b>(174 869)</b>	<b>(41 335)</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>
<b>Statement of financial position</b>							
<i>of which:</i>							
Receivables and prepayments	2 073 435	2 238 045	2 035 135	1 400 000	1 200 000	1 100 000	1 000 000
Cash and cash equivalents	6 567	8 997	2 158	350 092	350 092	350 092	346 679
<b>Total assets</b>	<b>2 080 002</b>	<b>2 247 042</b>	<b>2 037 293</b>	<b>1 750 092</b>	<b>1 550 092</b>	<b>1 450 092</b>	<b>1 346 679</b>
Accumulated surplus / (deficit)	(188 470)	(363 339)	(404 674)	(304 671)	(204 671)	(104 671)	(8 084)
Borrowings	1 546 275	1 675 445	1 254 763	–	–	–	–
Finance lease	–	–	–	1 254 763	1 254 763	1 254 763	1 254 763
Deferred income	–	5 786	572	–	–	–	–
Trade and other payables	722 197	929 150	1 186 631	800 000	500 000	300 000	100 000
<b>Total equity and liabilities</b>	<b>2 080 002</b>	<b>2 247 042</b>	<b>2 037 292</b>	<b>1 750 092</b>	<b>1 550 092</b>	<b>1 450 092</b>	<b>1 346 679</b>

## Expenditure trends

The spending focus over the medium term will be on implementing systems to improve the entity's invoicing, which should lead to an improvement in revenue collection to make more funds available for projects. This will entail fast tracking the process of confirming the occupation of state owned accommodation with client departments to ensure the accurate and itemised billing of state properties.

The entity's revenue is mainly generated from management fees earned through administrative services rendered on behalf of client departments, such as the payment of municipal charges on behalf of client departments at a management fee of 5 per cent, and on rental income collected on both government owned buildings rented to client departments and privately owned buildings rented on behalf of government departments from private landlords. Between 2008/09 and 2011/12, total revenue increased from R3.1 billion to R4.7 billion, at an average annual rate of 14.9 per cent, due to increases in accommodation charges, leases and

municipal services collected from client departments. Over the medium term, revenue is expected to increase to R6 billion, due to the annual escalation in lease contracts, which range between 8 per cent and 10 per cent, as determined by local government, and an inflationary increase in estimates for day-to-day maintenance.

Expenditure increased from R3.2 billion in 2008/09 to R4.6 billion in 2011/12, at an average annual rate of 12.9 per cent. This is mainly due to an increase in the state's private lease portfolio. Over the same period, the trading entity concluded new leases on behalf of client departments. Expenditure on this portfolio will increase at an average annual rate of between 8 and 10 per cent, as determined by the escalation clauses in the individual contracts. Until the end of 2009/10, the entity has been increasing its accommodation charges on state owned accommodation by 15 per cent annually. However, as from 1 April 2010, increases in accommodation charges are no longer uniformly applied across departments' budgets and now depend on the nature of costs motivating the increase. Over the medium term, expenditure is projected to increase to R5.9 billion, at an average annual rate of 8.7 per cent, due to an increase in the state's private lease portfolio.

The entity aims to realise a saving in each consecutive financial year over the MTEF period to finance its current accumulated deficit.

## Personnel information

**Table 7.13 Property management trading entity<sup>1</sup>**

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year <sup>2</sup> 2011/12	Medium-term estimate		
				2008/09	2011/12	2010/11		2012/13	2013/14	2014/15
Senior management	6	6	2	3	6	3	6	6	6	6
Middle management	9	9	1	5	9	5	9	9	9	9
Skilled	39	39	10	10	39	19	39	39	39	39
<b>Total</b>	<b>54</b>	<b>54</b>	<b>13</b>	<b>18</b>	<b>54</b>	<b>27</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>

1. The entity does not have its own compensation of employees' budget as this is accounted for in the Department of Public Works' budget.

2. As at 30 September 2011.

The entity's significant under-capacity was identified as a challenge in 2010/11, leading to an increase in the staff complement from 27 to 54 in 2011/12. Emphasis was placed on appointing staff who have relevant experience in terms of reporting in accordance with generally accepted accounting practices in South Africa, a resource which was previously lacking. There were 13 vacancies as at 20 September 2011, mostly at the semi-skilled level. The entity plans to maintain a staff complement of 54 over the MTEF period, which will form part of the department's total staff complement of 5 006.

## Construction Industry Development Board

### Overview: 2008/09 – 2014/15

The Construction Industry Development Board is a schedule 3A public entity established in terms of the Construction Industry Development Board Act (2000) to provide leadership to stakeholders and to stimulate sustainable growth in, and the reform and improvement of, the construction sector for effective delivery, and to enhance the industry's role in the country's economy. In terms of the Public Finance Management Act (1999), the board of directors is the accounting authority, reporting to the Minister of Public Works as the executive authority.

The board's strategic plan highlights the following critical projects and programmes over the medium term. Growth and contractor development will provide guidelines and specific support to clients and their contractor development programmes as well as ensuring the facilitation of training and fast tracking of contractor development. The construction registers service programme will continue to focus on delivering an efficient registration service through the implementation of the construction registers service software rewrite and the electronic document management system. The register of projects will be refined through ensuring improved quality of data entered by clients and the production of statistics and reports in terms of client compliance. The procurement and delivery programme will prioritise the fight against fraud and corruption in the industry by introducing the construction transparency initiative and the audit blitz. The construction industry performance programme will focus on the implementation and rollout of best practice schemes.

A business plan to sustain the Employment and Skills Development Agency will be developed in partnership with the industry. Interaction and information sharing with stakeholders through provincial stakeholder workshops and the national stakeholder forum will be reprioritised, and the decisions and recommendations from these meetings will be considered and addressed accordingly. A communication strategy to improve the image and the current negative perception of the entity will also be rolled out. The second five-year review will be performed to assess the performance of the institution since its establishment.

Investment in green infrastructure and the retrofitting of infrastructure to be more energy efficient is also being recognised as a government priority and is a focus area with which the entity is strongly aligned. Importantly, the construction industry has the highest job multiplier effect, and the operation of the built environment accounts for about 23 per cent of gas emissions in South Africa and has the greatest potential for reducing carbon at the least cost.

## Performance

Through its four core programmes and the supporting programmes, which include human resources, finance, supply chain management and information technology, the board addressed challenges and constraints in meeting its mandate and strategic objectives by implementing its projects and programmes in a fair, transparent and equitable manner. Since 2008, there has been contraction in the building and construction sector as the pace of awarded projects has been slowing down. This was noted through a declining business confidence index based on surveys by various organisations. However, government's commitment to infrastructure development will contribute to improving the current situation in the industry and it is receiving attention at the highest levels. There is still substantial demand in energy generation, water, waste water treatment, various municipal infrastructure projects, the maintenance of public infrastructure and numerous private sector projects, which are turning into opportunities for the industry.

This impact on the board's contractor development programmes is that, for as long as there is not enough work, there will not be movement or growth of contractors from one grade to the next as this is dependent on the amount of work completed.

## Selected performance indicators

**Table 7.14 Construction Industry Development Board**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue per year	Construction register Services	R38m	R50.8m	R44m	R41m	R45m	R51m	R54m
Number of registered contractors per year	Construction register services	25 000	80 000	113 170	118 829	124 770	131 008	137 559
Total number of provincial departments complying with the board's regulations	Procurement and delivery management	9	27	27	27	27	27	27
Number of construction contact centres established per year	Growth and contractor development	3	1	0	1	0 <sup>1</sup>	0	0
Number of best practice standards gazetted per year	Construction industry performance	–	–	1	0	4	2	1

1. The board has opened a construction contact centre in each province, with the last one opened in North West during 2011/12. There are no additional construction contact centres anticipated to be opened.

## Programmes/activities/objectives

**Table 7.15 Construction Industry Development Board**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Growth and contractor development	15 685	18 890	22 442	25 000	26 700	29 639	31 714
Construction industry performance	6 330	6 570	9 977	10 862	6 511	11 368	12 163
Procurement and delivery management	9 744	9 236	11 349	12 386	11 466	12 269	13 127
Construction registers services	15 593	16 748	21 661	21 638	21 139	23 154	24 774
Chief executive officer's office	8 283	8 931	9 530	10 376	10 895	11 657	12 473
Other objectives	23 707	28 664	28 717	29 611	37 613	40 246	43 063
<b>Total expense</b>	<b>79 342</b>	<b>89 039</b>	<b>103 676</b>	<b>109 873</b>	<b>114 324</b>	<b>128 333</b>	<b>137 316</b>

The Construction Industry Development Board had a total budget of R109.9 million in 2011/12, of which 46.9 per cent was used for compensation of employees.

### Savings and cost effectiveness measures

In line with the downturn in performance in the sector, expenditure within the construction industry performance programme is expected to decrease to R6.5 million in 2012/13. Programme expenditure has been reprioritised to cater for an increase in administrative costs due to the entity's building lease payments, which started in the last quarter of 2011/12 following a five-year rental payment holiday agreement with the landlord, resulting in R5 million being reprioritised to cater for the additional expenditure.

### Expenditure estimates

**Table 7.16 Construction Industry Development Board**

Statement of financial performance							
R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>37 952</b>	<b>50 847</b>	<b>50 047</b>	<b>43 914</b>	<b>47 442</b>	<b>57 772</b>	<b>62 521</b>
Sale of goods and services other than capital assets	35 002	46 648	44 497	41 252	44 552	54 694	59 258
<i>of which:</i>							
<i>Sales by market establishments</i>	35 002	46 648	44 497	41 252	44 552	54 694	59 258
<i>Other non-tax revenue</i>	2 951	4 199	5 550	2 662	2 890	3 078	3 263
<b>Transfers received</b>	<b>41 891</b>	<b>59 269</b>	<b>63 665</b>	<b>65 959</b>	<b>66 882</b>	<b>70 561</b>	<b>74 795</b>
<b>Total revenue</b>	<b>79 843</b>	<b>110 116</b>	<b>113 712</b>	<b>109 873</b>	<b>114 324</b>	<b>128 333</b>	<b>137 316</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>79 342</b>	<b>89 039</b>	<b>103 676</b>	<b>109 873</b>	<b>114 324</b>	<b>128 333</b>	<b>137 315</b>
Compensation of employees	37 502	44 285	52 867	51 553	55 677	57 960	61 438
Goods and services	35 952	37 997	43 960	51 925	55 843	67 402	72 728
Depreciation	2 327	2 487	2 503	6 395	2 803	2 972	3 150
Interest, dividends and rent on land	3 561	4 270	4 346	–	–	–	–
<b>Total expenses</b>	<b>79 342</b>	<b>89 039</b>	<b>103 676</b>	<b>109 873</b>	<b>114 324</b>	<b>128 333</b>	<b>137 315</b>
<b>Surplus / (Deficit)</b>	<b>502</b>	<b>21 077</b>	<b>10 036</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Table 7.16 Construction Industry Development Board (continued)**

Statement of financial position				Revised estimate	Medium-term estimate		
Audited outcome			2011/12		2012/13	2013/14	2014/15
R thousand	2008/09	2009/10		2010/11			
Carrying value of assets	15 984	14 600	14 730	11 911	13 566	13 847	14 145
<i>of which:</i>							
Receivables and prepayments	3 925	1 119	2 875	1 415	986	1 444	1 929
Cash and cash equivalents	35 798	62 313	80 812	93 959	98 097	103 072	108 346
Non-current assets held for sale	7 565	4 502	34	–	–	–	–
<b>Total assets</b>	<b>63 273</b>	<b>82 533</b>	<b>98 451</b>	<b>107 285</b>	<b>112 649</b>	<b>118 363</b>	<b>124 420</b>
Accumulated surplus/(deficit)	21 520	42 582	52 617	52 617	52 616	52 616	52 616
Deferred income	17 479	24 031	26 337	26 337	26 337	26 337	26 337
Trade and other payables	–	15 921	19 497	28 331	33 696	39 410	45 467
Provisions	24 274	–	–	–	–	–	–
<b>Total equity and liabilities</b>	<b>63 273</b>	<b>82 534</b>	<b>98 451</b>	<b>107 285</b>	<b>112 649</b>	<b>118 363</b>	<b>124 420</b>

## Expenditure trends

The spending focus over the medium term will be on compliance monitoring and improvements and is aimed at strengthening the entity's regulatory mandate, the registration software rewrites and the document management system aimed at enhancing efficiency in the entity's control environment. Expenditure is anticipated to reach R137.3 million over the MTEF period and will be focused on strengthening the mandate of the board.

The board's revenue is mainly generated from government transfers. Between 2008/09 and 2011/12, transfers received increased from R41.9 million to R66 million, at an average annual rate of 16.3 per cent. Over the medium term, transfers to the entity are expected to increase to R74.8 million, at an average annual rate of 4.3 per cent, due to inflationary adjustments.

Expenditure has grown from R79.3 million in 2008/09 to R109.9 million in 2011/12, at an average annual rate of 11.5 per cent, mainly due to increases in the entity's expenditure on compensation of employees. The entity filled 35 of the 36 vacant professional positions in 2010/11, resulting in an increase of 4.5 per cent on staffing costs. The entity intends filling all vacant positions before the end of 2012/13, which will result in an increase of 2 per cent on employment costs, with the balance being a real increase of 7 per cent over the medium term.

Over the medium term, expenditure is expected to increase to R137.3 million, at an average annual rate of 7.7 per cent, to provide for increases in spending on compensation of employees and goods and services. In addition, spending on forensic investigations will increase, as the board, working with an external service provider, has implemented a direct reporting fraud hotline on 1 September 2010. The hotline has resulted in an increase in the number of reported cases of non-compliance.

## Personnel information

**Table 7.17 Construction Industry Development Board**

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	7	7	1	6	6	6	6	6	7	7
Senior management	24	24	2	25	26	26	25	26	28	30
Middle management	33	33	2	30	32	32	26	28	30	30
Professionals	33	31	23	15	11	30	11	13	17	20
Skilled	100	100	8	98	94	83	100	90	90	90
Semi-skilled	2	2	–	–	1	2	2	2	2	4
<b>Total</b>	<b>199</b>	<b>197</b>	<b>36</b>	<b>174</b>	<b>170</b>	<b>179</b>	<b>170</b>	<b>165</b>	<b>174</b>	<b>181</b>
Compensation (R thousand)				37 502	44 285	52 867	51 553	55 677	57 960	61 438
Unit cost (R thousand)				216	261	295	303	337	333	339

1. As at 30 September 2011.

The board had an approved staff complement of 199 employees as at 30 September 2011. 11 of the 27 vacant positions are scheduled to be filled towards the last quarter of 2011/12. The remaining vacant positions may be

filled in the third quarter of 2012/13, following the proper alignment of business processes and an organisation wide cost saving exercise. This exercise will look at the efficiencies of automating the current registration system, with a potentially positive impact on process inefficiencies and human resources requirements.

## **Council for the Built Environment**

### **Overview: 2008/09 – 2014/15**

The Council for the Built Environment is a statutory entity established by the Council for the Built Environment Act (2000). The act mandates the council to: promote and protect the interests of the public in the built environment; promote and maintain a sustainable built and natural environment; promote sound governance of built environment professions; and ensure uniform application of norms and guidelines set by councils for professions throughout the built environment.

Over the past four years, the council has focused mainly on research and the development of policies designed to provide guidelines on the discharge of the 13 public functions of the professional councils. The ultimate goal is to ensure that there is consistency and uniformity in the application of policies across the six built environment professions. The entity has so far developed 11 overarching policy frameworks for 11 administrative public functions. The entity plans to finalise the remaining two policy frameworks over the MTEF period. The entity will also work closely with professional councils to ensure alignment between the professions' specific policies and overarching policy frameworks.

The medium term also presents further opportunities for the council to implement projects aligned with other areas of its mandate. Key priorities will include a focus on the transformation of the built environment professions, not only to reflect the country's demographics but to also ensure that professional practice directly responds to policy priorities of the state and developmental goals of the country in general. The council will focus on mainstreaming gender and other empowerment initiatives to promote broad based black economic empowerment within the industry. The entity will also work closely with professional councils. The council will use policy instruments such as continuous professional development, standards generating bodies and accreditation to ensure that the skills and knowledge base of the built environment professions are reoriented to enhance the contribution of the professions to national priorities such as job creation and the reduction of greenhouse gas emissions. In consultation with industry stakeholders, a transformation strategy for the built environment industry will also be developed.

In line with the mandate of promoting and protecting the interests of the public within the built environment, the council will focus on strengthening its regulatory work. Key priorities within this area include strengthening council appeals processes and procedures, and exploring ways of building the capacity of professional councils to conduct appeals and tribunals in line with the requirements of the Promotion of Administrative Justice Act (2010). In the short term, the council will explore the possibility of developing a shared legal service with professional councils to ensure compliance with legislation. To strengthen its public protection role, the council will also work with the Department of Public Works to finalise the identification of work process that will prohibit built environment professionals from practising in South Africa if they have not registered with one of the six built environment professional councils.

On the international front, the council will continue building relations with equivalent bodies and focusing on Africa and developing countries across Asia and Latin America. The aim is to share knowledge, develop systems and processes for skills transfer and to formalise mutual recognition of qualifications and designations.

Finally, the organisation will work on strengthening its internal capacity to deliver on its mandate. Key projects will include the review and redesign of the council's delivery model and improved internal processes.

### **Performance**

In 2011/12, the council provided bursary funding to 53 students against a target of 56, and is currently reviewing the sustainability of the bursary scheme. As such, no targets have been set over the MTEF period for this.

The council is mandated to ensure a consistent application of policies across the six built environment professions. The aim is to ensure that there is consistency and uniformity in the discharge of public functions delegated to professional councils by the state. The target for 2012/13 is to align nine policies of the

professional councils with the council's overarching policy frameworks. The council conducts research on topical issues that impact on the mandate of the entity and the built environment industry in general. In 2012/13, the entity will develop two such advisory reports.

## Selected performance indicators

**Table 7.18 Council for the Built Environment**

Indicator	Programme/Activity	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of policies of professional councils aligned with the Council for the Built Environment's policy frameworks per year	Public interest	-	-	2	2	9	1	1
Number of regulations promulgated per year	Public interest	-	-	0	2	4	-	-
Number of students receiving bursaries support per year	Built environment skills academy	-	20	45	56	-	-	-
Percentage of women receiving bursary support per year	Built environment skills academy	-	30% 6/20	38% 17/45	40% 22/56	-	-	-
Number of advisory reports submitted to the minister	Centre for innovations and integrated planning	-	-	1	2	2	3	3

## Programmes/activities/objectives

**Table 7.19 Council for the Built Environment**

R thousand	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Inform and influence government infrastructure spend and professional practice to be responsive to the public policy priorities	-	3 716	7 068	6 434	-	-	-
Strengthen and implement a public protection regime	2 458	3 613	3 146	2 661	-	-	-
Establish an efficient, effective and compliant organisation	5 974	7 052	7 686	-	-	-	-
Strengthen the administration function	6 637	6 347	8 134	14 478	29 193	30 804	32 637
Facilitate integrated development planning	706	2 715	1 814	709	-	-	-
Other objectives	6 418	12 641	3 300	5 802	-	-	-
<b>Total expense</b>	<b>22 193</b>	<b>36 084</b>	<b>31 148</b>	<b>30 084</b>	<b>29 193</b>	<b>30 804</b>	<b>32 637</b>

The Council for the Built Environment had a total budget of R30.1 million in 2011/12, of which 48.1 per cent was used for strengthening the administration function.

## Savings and cost effectiveness measures

To ensure that the council continues to execute its mandate within the financial constraints, savings were realised through the utilisation of internal administrative capacity to execute content and knowledge development projects, rather than procurement of external service providers in the area of research. Skills development was undertaken through training to enhance the capacity of the administration to execute its duties. As a knowledge organisation, content and knowledge projects are key drivers of the council. Planned local and international travel associated with content development projects is being reviewed by management prior to it being undertaken, with sponsorship being sourced to fund travel, particularly that pertaining to international travel. R500 000 has been realised as savings in 2011/12 and has been reprioritised to other areas requiring financial intervention. In light of the financial constraints, the total amount allocated to the organisation has been revised and redirected, and as a result, no savings have been identified over the medium term.



## Expenditure estimates

**Table 7.20 Council for the Built Environment**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 564</b>	<b>2 771</b>	<b>1 710</b>	<b>1 106</b>	<b>1 755</b>	<b>1 857</b>	<b>1 953</b>
Sale of goods and services other than capital assets <i>of which:</i>	1 591	1 706	1 617	1 050	1 635	1 717	1 803
<i>Sales by market establishments</i>	1 591	1 706	1 617	1 050	1 635	1 717	1 803
<i>Other non-tax revenue</i>	1 973	1 065	93	56	120	140	150
<b>Transfers received</b>	<b>26 287</b>	<b>24 155</b>	<b>25 527</b>	<b>28 659</b>	<b>27 438</b>	<b>28 947</b>	<b>30 684</b>
<b>Total revenue</b>	<b>29 851</b>	<b>26 926</b>	<b>27 237</b>	<b>29 765</b>	<b>29 193</b>	<b>30 804</b>	<b>32 637</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>22 193</b>	<b>36 084</b>	<b>31 148</b>	<b>30 084</b>	<b>29 193</b>	<b>30 804</b>	<b>32 637</b>
Compensation of employees	7 586	12 949	13 421	14 664	15 984	17 582	19 340
Goods and services	14 056	22 447	17 116	15 009	12 859	12 892	12 927
Depreciation	539	688	611	410	350	330	370
Interest, dividends and rent on land	12	–	–	–	–	–	–
<b>Total expenses</b>	<b>22 193</b>	<b>36 084</b>	<b>31 148</b>	<b>30 084</b>	<b>29 193</b>	<b>30 804</b>	<b>32 637</b>
<b>Surplus / (Deficit)</b>	<b>7 658</b>	<b>(9 158)</b>	<b>(3 911)</b>	<b>(319)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 734	1 735	1 398	1 093	1 459	1 932	2 445
<i>of which:</i>							
Receivables and prepayments	637	960	323	323	573	573	573
Cash and cash equivalents	15 961	8 437	4 712	3 642	3 727	4 696	5 818
<b>Total assets</b>	<b>18 332</b>	<b>11 132</b>	<b>6 433</b>	<b>5 058</b>	<b>5 759</b>	<b>7 201</b>	<b>8 836</b>
Accumulated surplus / (deficit)	17 140	7 982	4 073	3 754	3 755	3 755	3 755
Borrowings	4	–	–	–	–	–	–
Trade and other payables	1 188	2 969	2 180	1 124	1 824	3 266	4 902
Provisions	–	180	180	180	180	180	180
<b>Total equity and liabilities</b>	<b>18 332</b>	<b>11 131</b>	<b>6 433</b>	<b>5 058</b>	<b>5 759</b>	<b>7 201</b>	<b>8 837</b>

## Expenditure trends

The spending focus over the MTEF period will be on strengthening the administration of the organisation to enable the entity to deliver on its mandate within its current financial constraints.

The council generates revenue from transfers from the department and levies collected from registered professionals through the professional councils. Transfers received increased from R26.3 million in 2008/09 to R28.7 million in 2011/12, at an average annual rate of 2.9 per cent, and are expected to increase to R30.7 million over the medium term, at an average annual rate of 2.3 per cent, to provide for inflationary adjustments. Levies account for less than 6 per cent of the entity's income and average R1.7 million over the seven-year period. The number of levies has decreased as the number of registered professionals has declined. As a study has not yet been conducted to factually ascertain the actual reasons for the decline in registered professionals, the council presumes that this could be due to a delay in the implementation of the identification of work programme as well as current economic conditions. This creates a sustainability challenge, not only for the council, but also for the six built environment professional councils. The council plans to engage with both the executive authority and National Treasury to highlight its financial position and how it impacts on its ability to execute its mandate.

Expenditure increased from R22.2 million in 2008/09 to R30.1 million in 2011/12, at an average annual rate of 10.7 per cent. This was mainly due to the organisation focusing on key deliverables aimed at improving the governance within the built environment sphere, including the knowledge and practices of the built environment professions. Compensation of employees and consulting fees are the entity's main cost drivers. Spending on

compensation of employees increased from R7.6 million in 2008/09 to R14.7 million in 2011/12, at an average annual rate of 24.6 per cent, as the organisation increased its capacity levels in 2009/10. Over the medium term, expenditure is expected to increase to R32.6 million, at an average annual rate of 2.8 per cent, to provide for inflationary adjustments. Expenditure on compensation of employees is projected to increase to R19.3 million, at an average annual rate of 9.7 per cent, in line with projected cost of living adjustments of the current funded posts. Expenditure on consultants is expected to be R466 000 in 2012/13, R670 000 in 2013/14 and R308 000 in 2014/15. Consultants will be used in the areas of internal audit, legal research and human resources.

## Personnel information

**Table 7.21 Council for the Built Environment**

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	1	1	1	1	1	1	1	1
Senior management	2	2	–	1	2	2	2	2	2	2
Middle management	6	6	–	6	6	6	6	6	6	6
Professionals	15	11	4	9	12	11	11	11	11	11
Skilled	7	6	1	6	6	6	6	6	6	6
Semi-skilled	1	1	–	1	1	1	1	1	1	1
<b>Total</b>	<b>32</b>	<b>27</b>	<b>6</b>	<b>24</b>	<b>28</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
Compensation (R thousand)				7 586	12 949	13 421	14 664	15 984	17 582	19 340
Unit cost (R thousand)				316	462	497	543	592	651	716

1. As at 30 September 2011.

The council had an approved establishment of 32 posts. The number of filled posts increased from 24 in 2008/09 to 27 in 2011/12, and is expected to remain at this level over the medium term due to financial constraints. The increase in the establishment was in response to the council's new strategy, which focuses on investment in human capital, particularly on specialists who are considered to be key in the delivery of research, knowledge and compliance. Due to financial constraints, the council does not anticipate filling the 6 vacant posts over the MTEF period.

## Independent Development Trust

### Overview: 2008/09 – 2014/15

The Independent Development Trust is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999) (PFMA). The trust was founded in February 1990 as a grant making institution for the development of disadvantaged communities, with a R2 billion endowment from government. The trust is a state owned entity with government as its sole shareholder, and reports to the Minister of Public Works.

In 1998, the trust's mandate was re-focused to concentrate on programme implementation, which incorporated development planning, and the implementation and coordination of government's development programmes. The entity complements government investments by deploying its own resources in the initiation, delivery and implementation of community development projects.

The entity has been focusing on sustainable development, particularly in relation to women and youth, with rural areas being prioritised wherever possible. It has been placing more focus on people with disabilities, with 50 per cent and 3 per cent participation rates for the youth and people with disabilities, respectively. Some of the programmes to which the Independent Development Trust has contributed are the expanded public works programme, the reconstruction and development programme, the rebuilding of mud schools and the building of integrated justice facilities. In 2010/11, the value of projects surpassed the target of R2 billion in 2009/10.

The organisation is continuing on its transformation path, focusing on the empowerment of communities by delivering social infrastructure programmes, institutional capacity building and working with communities to mobilise around their specific development issues. In addition to providing its services, the trust will continue to

form strategic partnerships and share knowledge with its development partners. The overall purpose is to access communities, unlock their potential and leverage their community assets to build sustainable communities that can improve quality of life.

Over the medium term, the trust will pursue two strategic goals: the implementation of targeted and people centred interventions for sustainable development in marginalised and impoverished communities; and to ensure that the entity is an efficient, effective and compliant public entity and development agency.

The organisation is also decentralising many of its functions to become more efficient and effective. Concurrently, some staff from the national office will be redeployed to provincial offices.

## Performance

Since its inception, the trust has directed over R19 billion of government's development investments in the following government priority areas: 85 per cent of its work is in the communal/community infrastructure and amenities sector; 80 per cent of projects/initiatives are located in rural South Africa; 71 per cent of job creation opportunities are benefiting women. In 2010/11, the Independent Development Trust focused on: rural development, with close to 80 per cent of its projects implemented in rural South Africa; and providing job creation opportunities, with 70 per cent of its projects benefiting women over the past five years.

Between 2008/09 and 2011/12, the trust delivered on a range of development and infrastructure programmes, particularly in the education, health care and justice sectors. It also worked on the expanded public works programme, comprehensive rural development programme, rural household infrastructure programme, rainwater harvesting programme, the Food for Waste project and Operation Vuselela. These programmes were delivered in partnership with communities, civil society and/or on behalf of various government departments at the national, provincial and municipal levels.

## Selected performance indicators

**Table 7.22 Independent Development Trust**

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of programme spend per year	Integrated social infrastructure	R1.3bn	R1.6bn	R3bn	R4bn	R5bn	R6bn	R6bn
Number of job opportunities created per year	Empowered communities	53 581	68 000	58 580	76 420	104 081	97 441	109 133
Number of women contractors developed per year	Empowered communities	59	60	68	73	78	84	94

## Programmes/activities/objectives

**Table 7.23 Independent Development Trust**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Empowered communities	99 358	84 009	71 090	98 371	112 445	124 737	134 055
Integrated social infrastructure	183 812	155 417	136 850	181 989	208 024	230 762	248 001
Effective, efficient and compliant administration	197 854	169 207	144 921	198 117	225 983	250 491	269 095
Governance	19 873	16 803	14 181	19 673	22 491	24 946	26 811
<b>Total expense</b>	<b>500 897</b>	<b>425 436</b>	<b>367 042</b>	<b>498 150</b>	<b>568 943</b>	<b>630 936</b>	<b>677 962</b>

The Independent Development Trust had a total budget of R498.2 million in 2011/12, of which 42.4 per cent was used for compensation of employees.

## Savings and cost effectiveness measures

As part of the transformation process, the trust has adopted a cost curtailment strategy that is expected to allow the organisation to realise a saving of 10 per cent or R21.2 million over the medium term. Savings are to be realised from recovering the costs of private phone calls, reducing the use of external venues for workshops and its related catering expenses, reducing travel costs by making bookings for travel well in advance, restricting the use of business class by the chief executive officer and board members, using video conferencing facilities, and reducing the number of tender advertisements by recovering the costs from programmes rather than from the entity's overheads expenditure.

## Expenditure estimates

**Table 7.24 Independent Development Trust**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>157 523</b>	<b>109 403</b>	<b>123 497</b>	<b>348 150</b>	<b>568 943</b>	<b>630 936</b>	<b>677 962</b>
Sale of goods and services other than capital assets	20 043	36 586	81 205	328 870	559 743	625 336	671 562
<i>of which:</i>							
Administration fees	20 043	36 586	81 205	328 870	559 743	625 336	671 562
Other non-tax revenue	137 480	72 817	42 292	19 280	9 200	5 600	6 400
<b>Transfers received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150 000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>157 523</b>	<b>109 403</b>	<b>123 497</b>	<b>498 150</b>	<b>568 943</b>	<b>630 936</b>	<b>677 962</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>500 897</b>	<b>425 436</b>	<b>367 042</b>	<b>498 150</b>	<b>568 943</b>	<b>630 936</b>	<b>677 962</b>
Compensation of employees	188 597	213 994	218 653	211 000	225 569	242 710	259 360
Goods and services	308 194	206 053	141 918	280 859	336 658	380 972	410 913
Depreciation	3 666	5 132	6 296	6 291	6 716	7 254	7 689
Interest, dividends and rent on land	440	257	175	-	-	-	-
<b>Total expenses</b>	<b>500 897</b>	<b>425 436</b>	<b>367 042</b>	<b>498 150</b>	<b>568 943</b>	<b>630 936</b>	<b>677 962</b>
<b>Surplus / (Deficit)</b>	<b>(343 374)</b>	<b>(316 033)</b>	<b>(243 545)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>							
Carrying value of assets	36 195	39 610	36 136	39 845	39 629	39 375	38 686
<i>of which:</i>							
Investments	948 241	652 032	95 126	238 455	172 385	88 945	103 687
Accrued investment interest	-	-	320 423	-	-	-	-
Receivables and prepayments	91 494	29 749	26 540	50 540	72 540	92 540	114 540
Cash and cash equivalents	8 950	9 630	28 062	(116 089)	(82 175)	(52 012)	7 248
Non-current assets held for sale	-	-	(3 842)	-	-	-	-
<b>Total assets</b>	<b>1 084 880</b>	<b>731 021</b>	<b>502 445</b>	<b>212 751</b>	<b>202 379</b>	<b>168 848</b>	<b>264 161</b>
Accumulated surplus / (deficit)	993 170	680 310	437 718	437 718	437 718	437 718	437 718
Capital and reserves	-	-	-	(313 394)	(341 081)	(390 542)	(309 709)
Finance lease	51	-	-	-	-	-	-
Trade and other payables	61 627	26 306	28 429	52 129	69 444	85 374	99 854
Provisions	30 032	24 405	36 298	36 298	36 298	36 298	36 298
<b>Total equity and liabilities</b>	<b>1 084 880</b>	<b>731 021</b>	<b>502 445</b>	<b>212 751</b>	<b>202 379</b>	<b>168 848</b>	<b>264 161</b>

## Expenditure trends

The spending focus over the MTEF period will be on government programmes such as the eradication of mud schools and the expanded public works programme that are involved directly in ensuring service delivery as per the approved mandate and strategy of the entity. The bulk of the spending over the medium term will be on integrated social infrastructure and community empowerment.

The main source of funding for the trust is investment income. The trust also generates revenue from management fees. Revenue increased from R157.5 million in 2008/09 to R498.2 million in 2011/12, at an

average annual rate of 46.8 per cent, mainly due to an increase in management fees, and a transfer of R150 million from the Department of Public Works in 2011/12 to ensure that the trust remains a going concern. Revenue is expected to increase to R678 million over the medium term, at an average annual rate of 10.8 per cent. All new programme implementation agreements include an increase in management fees from the current average rate of 3.6 per cent to 4.5 per cent in 2014/15, and efforts will be made to claim and recover these fees from client departments to ensure that the entity is sustainable over the medium term.

Since 2008/09, the outputs achieved through the budget of the entity include a contribution to wealth redistribution by spending R1.5 billion of the entity's portfolio on BEE against a set target of R1.3 billion; women empowerment spend, which constituted 25 per cent of the entity's portfolio; contribution of 32 697 work opportunities in partnership with the non-state sector to the expanded public works programme; and facilitating the delivery of government programmes aimed at sustainable development to the value of R2.2 billion.

Between 2008/09 and 2011/12, expenditure decreased from R500.9 million to R498.2 million, at an average annual rate of 0.2 per cent. Over the medium term, expenditure is expected to increase to R678 million, at an average annual rate of 10.8 per cent. The increase over this period is due to the entity implementing its transformation drive in the provinces, which will result in an increase in the staff complement of the entity at major provincial offices to meet the needs within provinces.

## Personnel information

**Table 7.25 Independent Development Trust**

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid year <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	6	7	6	6	7	6	6	6	6	6
Senior management	33	42	32	33	42	32	32	32	32	32
Middle management	114	129	113	114	129	113	99	99	99	99
Skilled	97	102	105	97	102	105	97	97	97	97
Semi-skilled	154	121	98	154	121	98	107	107	107	107
Very low skilled	11	12	12	11	12	12	13	13	13	13
<b>Total</b>	<b>415</b>	<b>413</b>	<b>366</b>	<b>415</b>	<b>413</b>	<b>366</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>
Compensation (R thousand)				188 597	213 994	218 653	211 000	225 569	242 710	259 360
Unit cost (R thousand)				454	518	597	596	637	686	733

1. As at 30 September 2011.

The organisation will be decentralising many of its functions to improve delivery in communities. The headcount at the national office will be trimmed and staff redeployed to provincial offices. The entity had an establishment of 415 posts and 354 that are additional to the approved establishment. The number of filled posts decreased from 415 in 2008/09 to 354 in 2011/12, and is expected to remain fixed at 354 over the medium term. In line with the planned growth in social infrastructure programme delivery and community development programmes, the staff complement at the major provincial offices will grow to meet the needs within the provinces. This will result in provincial offices having the right skills in place and thus exercising greater autonomy, with sufficient support from the national office. The aim is to establish fully supported development hubs that are made up of community based teams.

## Additional tables

**Table 7.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	2010/11		2010/11	2011/12			2011/12
Administration	6 446 325	7 364 797	6 615 534	751 033	26 488	777 521	777 521
Immovable Asset Management	–	–	–	5 424 945	(14 400)	5 410 545	5 244 469
Expanded Public Works Programme	–	–	–	1 575 198	–	1 575 198	1 193 274
Property and Construction	–	–	–	34 900	–	34 900	34 900
Industry Policy Regulations	–	–	–	–	–	–	–
Auxiliary and Associated Services	–	–	–	33 180	(1 600)	31 580	31 580
<b>Total</b>	<b>6 446 325</b>	<b>7 364 797</b>	<b>6 615 534</b>	<b>7 819 256</b>	<b>10 488</b>	<b>7 829 744</b>	<b>7 281 744</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>2 053 288</b>	<b>2 059 404</b>	<b>1 917 587</b>	<b>2 265 423</b>	<b>10 438</b>	<b>2 275 861</b>	<b>2 213 937</b>
Compensation of employees	1 121 432	1 200 887	1 089 693	1 242 062	10 488	1 252 550	1 252 550
Goods and services	931 831	856 932	819 046	1 008 019	(50)	1 007 969	946 045
Interest and rent on land	25	1 585	8 848	15 342	–	15 342	15 342
<b>Transfers and subsidies</b>	<b>3 019 095</b>	<b>3 788 130</b>	<b>3 302 542</b>	<b>4 010 265</b>	<b>50</b>	<b>4 010 315</b>	<b>3 640 315</b>
Provinces and municipalities	2 106 829	2 875 864	2 383 893	2 950 440	25	2 950 465	2 580 465
Departmental agencies and accounts	711 482	711 482	710 342	733 090	1 600	734 690	734 690
Foreign governments and international organisations	17 467	17 467	13 863	18 515	(1 600)	16 915	16 915
Public corporations and private enterprises	–	–	73	150 000	–	150 000	150 000
Non-profit institutions	179 811	179 811	188 793	154 370	–	154 370	154 370
Households	3 506	3 506	5 578	3 850	25	3 875	3 875
<b>Payments for capital assets</b>	<b>1 373 942</b>	<b>1 517 263</b>	<b>1 340 569</b>	<b>1 543 568</b>	<b>–</b>	<b>1 543 568</b>	<b>1 427 492</b>
Buildings and other fixed structures	1 303 945	1 375 982	1 255 873	1 443 945	–	1 443 945	1 342 869
Machinery and equipment	64 853	136 137	82 479	94 222	–	94 222	79 222
Software and other intangible assets	5 144	5 144	2 217	5 401	–	5 401	5 401
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>54 836</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>6 446 325</b>	<b>7 364 797</b>	<b>6 615 534</b>	<b>7 819 256</b>	<b>10 488</b>	<b>7 829 744</b>	<b>7 281 744</b>

**Table 7.B Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	746 438	916 640	1 089 693	1 252 550	1 265 981	1 338 539	1 431 273
Training expenditure (R thousand)	15 197	22 000	10 226	25 051	24 823	26 101	28 625
Training as percentage of compensation	2.0%	2.4%	0.9%	2.0%	2.0%	1.9%	2.0%
Total number trained in department (headcount)	4 200	4 200	–	–	–	–	–
<i>of which:</i>							
Employees receiving bursaries (headcount)	600	562	–	–	–	–	–
Leaverships trained (headcount)	172	172	–	–	–	–	–
Internships trained (headcount)	318	312	–	–	–	–	–

Table 7.C Summary of conditional grants to provinces and municipalities<sup>1</sup>

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Conditional grants to provinces</b>							
<b>Immovable Asset Management</b>							
Devolution of property rate funds grant	889 325	1 349 738	1 865 227	1 803 230	1 918 659	2 051 993	2 167 743
<b>Expanded Public Works Programme</b>							
Expanded public works programme integrated grant for provinces	–	116 219	182 407	267 269	292 761	361 624	383 255
Social sector expanded public works programme incentive grant for provinces	–	–	56 637	200 358	217 401	257 564	272 972
<b>Total</b>	<b>889 325</b>	<b>1 465 957</b>	<b>2 104 271</b>	<b>2 270 857</b>	<b>2 428 821</b>	<b>2 671 181</b>	<b>2 823 970</b>
<b>Conditional grants to municipalities</b>							
<b>Expanded Public Works Programme</b>							
Expanded public works programme integrated grant for municipalities	–	100 487	279 616	679 583	599 240	701 924	743 912
<b>Total</b>	<b>–</b>	<b>100 487</b>	<b>279 616</b>	<b>679 583</b>	<b>599 240</b>	<b>701 924</b>	<b>743 912</b>

1. Detail provided in the Division of Revenue Act (2012).

**Table 7.D Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome					Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13		2013/14	2014/15	
<b>Departmental infrastructure</b>												
R thousand												
Inner city regeneration, Pretoria: Agrivaal building	Rehabilitation	Tender	567 250	10 705	11 307	18 354	24 088	124 402	275 718	102 676		
Departmental: Various centres	Upgrading and construction of 205 departmental accommodation sites	Various	1 696 828	55 263	62 778	261 201	468 185	288 000	246 000	220 000		
Dolomite: Various centres	Management of 54 dolomite risk areas	Various	954 883	55 244	21 168	11 861	46 000	130 000	160 000	180 000		
Accessibility: Various centres	Upgrading of 226 disabled facilities	Various	134 731	1 072	14 635	18 978	25 000	28 000	30 000	32 000		
Border Control Operational Coordination Committee: Various centres	Redevelopment of 154 border post centres	Various	4 019 253	447 914	643 306	372 000	310 000	475 000	490 000	519 400		
Prestige: Various centres	Upgrading and construction of 150 prestige accommodation sites	Various	5 748 891	237 328	399 644	446 445	472 760	323 742	418 653	636 732		
Inner city regeneration: various centres	Development of 5 national government precincts	Various	162 059	180 848	100 746	127 035	97 912	5 598	4 282	17 324		
Border Control Operational Coordination Committee: Home Affairs	Border post centres	Various	-	-	-	-	-	110 000	130 000	160 000		
<b>Total</b>			<b>13 283 895</b>	<b>988 374</b>	<b>1 253 584</b>	<b>1 255 874</b>	<b>1 443 945</b>	<b>1 484 742</b>	<b>1 754 653</b>	<b>1 868 132</b>		





National Treasury  
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