

# Vote 6

## Public Works

### Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	663.1	653.9	1.2	8.1	752.1	790.2
Immovable Asset Management	4 250.7	1 078.5	1 807.7	1 364.5	4 787.0	4 898.3
Expanded Public Works Programme	1 479.1	276.8	1 201.0	1.4	2 386.7	2 496.6
Property and Construction Industry Policy Regulations	31.5	31.5	–	–	35.2	36.7
Auxiliary and Associated Services	21.9	2.1	19.8	–	23.2	24.3
<b>Total expenditure estimates</b>	<b>6 446.3</b>	<b>2 042.8</b>	<b>3 029.6</b>	<b>1 373.9</b>	<b>7 984.1</b>	<b>8 246.2</b>
Executive authority	Minister of Public Works					
Accounting officer	Director-General of Public Works					
Website address	www.publicworks.gov.za					

The Estimates of National Expenditure booklets for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

### Aim

*The aim of the Department of Public Works is to 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; and promote growth, job creation and transformation in the construction and property industries*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Strategic leadership and support services, including the accommodation, 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; assistance to organisations for the preservation of national memorials; and meeting protocol responsibilities for state functions.

## **Strategic overview: 2006/07 – 2012/13**

The mandate of the Department of Public Works is articulated in the Government Immovable Asset Management Act (2007). The objective of the act is to ensure efficient and effective immovable asset management within government, to improve service delivery. The Department of Public Works is thus responsible for the provision of official accommodation for all national departments and all members of Parliament, providing construction and property management services to client departments at the national level. The department is also responsible for providing leadership for and coordinating the expanded public works programme.

### **Addressing departments' accommodation needs**

The department's responsibilities include the acquisition, planning, maintenance and disposal of immovable assets, on behalf of the state. The programmes are mainly undertaken on behalf of the national departments, including the prestige portfolio, which provides accommodation for all members of Parliament.

Due to the maintenance backlog in government infrastructure, the department is developing a national infrastructure maintenance strategy responsive to the needs of a developmental state. It is currently developing the maintenance guidelines.

The department is also planning to rehabilitate unused and underutilised government buildings as a key project in helping to meet the work opportunities targets in the expanded public works programme. 105 buildings countrywide have been identified for rehabilitation. The focus of the first phase of the project is office accommodation for government departments and state owned enterprises, while the second phase will include residential accommodation.

In line with the requirements of the Occupational Health and Safety Act (1993), government is prioritising the revamping of public buildings to meet the needs of people living with disabilities. 190 buildings have been identified nationally for remodelling in 2010/11, which will involve constructing access ramps, converting existing lifts and toilets, and putting up signage.

### **The expanded public works programme**

The expanded public works programme is intended to generate 4.5 million work opportunities in the next five years, including the 500 000 work opportunities created in 2009/10. Through the maintenance and capital works programmes, the department is expected to play a direct role in supporting the expanded public works programme in meeting its multi-year targets.

### **Energy efficient installations**

In an effort to make government a more efficient user of energy, the department will retrofit a limited number of public buildings. The target for 2010/11 is to retrofit 12 per cent of state buildings with energy efficient installations.

## Implementing BEE charters in the construction and property sectors

The Construction Sector Charter on Black Economic Empowerment has been gazetted in terms of section 9 of the Broad-Based Black Economic Empowerment Act (2003). A charter council constitution is presently being developed and will be finalised by February 2010. In relation to the Property Sector Transformation Charter, a council was established and an application for the gazetting of the charter, as prescribed by section 9, was submitted to the Department of Trade and Industry. The process may be finalised by the middle of 2010. The department's role in these two charters is to assist in transformation in the built environment.

## Scarce skills capacity training intervention

As part of the department's contribution towards the national skills development and national human resource development strategies, an intensive capacity building programme is being implemented through departmental programmes. The programme focuses on learnerships, internships and developing young professionals.

## Valuations and state immovable assets

As a compliance measure, the department has developed a valuations model based on depreciated replacement costs. The department will continue with this programme and is targeting 136 089 immovable assets in 2010/11.

## Key policy developments

Over the MTEF period, the department plans to conduct reviews of the following pieces of departmental legislation: the Built Environment Professions Bill, the Expropriation Bill, and the Government Immovable Asset Management Act (2007) so that it can be extended to local government.

## Savings and cost effective service delivery

The department has identified efficiency savings of R59.2 million in 2010/11, R65.9 million in 2011/12 and R93.1 million in 2012/13 from the following programmes and items:

The *Administration* programme: savings of R24.4 million in 2010/11, R31.1 million in 2011/12 and R35.3 million in 2012/13 have been identified in goods and services from advertising, communication, computer services, agency and support, outsourced services, and travel and subsistence.

The *Immovable Asset Investment and Management* programme: efficiency savings of R31.2 million in 2010/11, R31.1 million in 2011/12 and R53.7 million in 2012/13 have been identified in goods and services from: minor assets; communication; agency and support/outsourced services; consultant and professional services, including business advisory services; material and supplies, and other consumables under inventory; travel and subsistence; and training and development.

The *Property and Construction Industry Policy and Regulations* programme: efficiency savings of R3.6 million in 2010/11, R3.7 million in 2011/12 and R4.1 million in 2012/13 have been identified in goods and services from travel and subsistence, infrastructure and planning under consultant and professional services, and agency and support/outsourced services.

The department will implement the following measures to ensure that the services delivered by the department are not negatively impacted on due to the efficiency savings implemented:

- The department has refined its forward planning to reduce the number of meetings during the year, which will reduce travel and accommodation costs.
- The department will appoint more permanent staff to reduce expenditure on consultants. The new staff will be trained to manage particular service delivery programmes.

## Selected performance indicators

**Table 6.1 Public Works**

Indicators	Programme	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of state owned buildings to be made accessible to people with disability per year	Immovable Asset Investment Management	–	–	76	200	64	70	75
Number of state owned buildings rehabilitated per year	Immovable Asset Investment Management	–	–	25	64	64	70	75
Percentage reduction in electricity consumption in state owned buildings due to retrofittings	Immovable Asset Investment Management	–	–	1% (13 800 kw/h)	1% (17 180 kw/h)	3% (37 180 kw/h)	7% (65 000 kw/h)	10% (68 000 kw/h)
Percentage of asset register with complete and accurate data and information out of the present 108 752 properties	Immovable Asset Investment Management	–	–	40% (43 500)	50% (54 376)	70% (76 126)	90% (97 876)	100% (108 752)
Number of youths participating in the national youth service programme per year	Expanded Public Works Programme	–	4 466	2 859	2 500	6 000	6 000	6 000
Number of learners participating in the Vuk'uphile learnership	Expanded Public Works Programme	1 600	1 635	1 000	556	1 000	1 000	1000
Total number of municipalities reporting on expanded public works programme targets	Expanded Public Works Programme	33	71	98	105	140	170	200
Total number of expanded public works programme opportunities created on provincial access roads	Expanded Public Works Programme	–	58 913	74 616	61 176	100 000	115 000	130 000

## Expenditure estimates

**Table 6.2 Public Works**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	625.2	733.7	801.6	689.0	689.0	663.1	752.1	790.2
2. Immovable Asset Management	2 269.2	2 498.1	3 213.6	4 516.2	4 466.2	4 250.7	4 787.0	4 898.3
3. Expanded Public Works Programme	70.4	126.6	133.0	608.5	508.5	1 479.1	2 386.7	2 496.6
4. Property and Construction Industry Policy Regulations	40.4	30.9	33.4	33.8	33.8	31.5	35.2	36.7
5. Auxiliary and Associated Services	20.6	13.0	15.4	42.6	42.6	21.9	23.2	24.3
<b>Total</b>	<b>3 025.8</b>	<b>3 402.3</b>	<b>4 197.0</b>	<b>5 890.1</b>	<b>5 740.1</b>	<b>6 446.3</b>	<b>7 984.1</b>	<b>8 246.2</b>
Change to 2009 Budget estimate				592.1	442.1	(152.4)	(201.2)	–

**Economic classification**

	1 319.1	1 476.8	1 660.3	1 931.4	1 931.4	2 042.8	2 300.3	2 402.0
<b>Current payments</b>								
Compensation of employees	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
Goods and services	705.5	730.4	743.6	919.2	919.2	921.3	1 098.6	1 152.4
<i>of which:</i>								
Contractors	9.0	5.1	14.5	45.2	45.2	82.2	130.3	100.7
Agency and support / outsourced services	105.7	107.0	79.5	98.4	98.4	89.1	121.7	135.9
Lease payments	180.8	187.3	181.3	217.8	217.8	227.9	247.5	264.9
Property payments	123.0	112.3	132.5	125.5	125.5	148.6	153.9	172.4
<b>Transfers and subsidies</b>	<b>1 230.6</b>	<b>1 404.2</b>	<b>1 510.7</b>	<b>2 448.8</b>	<b>2 348.8</b>	<b>3 029.6</b>	<b>3 988.8</b>	<b>4 169.4</b>
Provinces and municipalities	710.6	836.6	889.3	1 702.9	1 602.9	2 106.8	3 070.0	3 223.5
Departmental agencies and accounts	502.9	552.2	604.1	680.7	680.7	711.5	733.1	751.5

Table 6.2 Public Works (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Transfers and subsidies</b>								
Foreign governments and international organisations	13.3	12.7	13.7	16.5	16.5	17.5	18.5	19.4
Public corporations and private enterprises	–	–	–	5.0	5.0	10.5	9.2	9.6
Non-profit institutions	–	–	–	40.5	40.5	179.8	154.4	161.5
Households	3.8	2.7	3.5	3.3	3.3	3.5	3.7	3.9
<b>Payments for capital assets</b>	<b>447.7</b>	<b>521.3</b>	<b>1 026.0</b>	<b>1 509.8</b>	<b>1 459.8</b>	<b>1 373.9</b>	<b>1 695.1</b>	<b>1 674.8</b>
Buildings and other fixed structures	414.1	488.0	988.4	1 462.3	1 412.3	1 303.9	1 603.9	1 634.7
Machinery and equipment	29.3	28.9	37.5	42.4	42.4	64.9	85.7	34.4
Software and other intangible assets	4.3	4.4	0.1	5.1	5.1	5.1	5.4	5.7
<b>Payments for financial assets</b>	<b>28.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>3 025.8</b>	<b>3 402.3</b>	<b>4 197.0</b>	<b>5 890.1</b>	<b>5 740.1</b>	<b>6 446.3</b>	<b>7 984.1</b>	<b>8 246.2</b>

## Expenditure trends

Overall expenditure has increased at an average annual rate of 24.9 per cent, from R3 billion in 2006/07 to R6 billion in 2009/10. This increase is driven by the increase in transfers and subsidies, which grew from R1.2 billion in 2006/07 to R2.4 billion in 2009/10 at an average annual rate of 25.8 per cent. This was mainly due to the implementation of the second phase of the expanded public works programme at the beginning of 2009/10 and an allocation adjustment of R353 million for the devolution of property rate funds to provinces grant.

Over the MTEF period, spending is expected to increase to R8.2 billion in 2012/13, at an average annual rate of 11.9 per cent due to the increase in expenditure for the second phase of the expanded public works programme, which is projected to increase from R1.5 billion in 2010/11 to R2.5 billion in 2012/13.

The 2010 Budget provided for additional allocations of R97 million in 2010/11, R35.5 million in 2011/12 and R38.5 million in 2012/13 for the following programmes and items: *Immovable Asset Management* (R27.1 million in 2010/11, R31.7 million in 2011/12 and R34.8 million in 2012/13) for the annual salary related inflation adjustment; *Expanded Public Works Programme* (R69.6 million in 2010/11, R3.4 million in 2011/12 and R3.3 million in 2012/13) towards performance based incentive grants to provinces and municipalities; and *Property and Construction Industry Policy Regulations* (R340 million in 2010/11, R414 million in 2011/12 and R454 million in 2012/13) for the annual salary related inflation adjustment.

### Infrastructure spending

#### *Large infrastructure project spending: In-land ports of entry*

Redevelopment projects for key commercial land ports of entry were initiated by the Border Control Operational Coordinating Committee and the Department of Public Works to facilitate the movement of people and goods between South Africa and neighbouring countries.

The Lebombo land port of entry between Mozambique and South Africa forms part of the Maputo development corridor, which is meant to answer the needs related to the broader economic development and sociopolitical stability of the SADC region. The focus on the first phase was to make provision for the influx of people and commercial traffic passing through the border post in 2010 and beyond. The immediate requirement will be to segment people, light vehicles and cargo. The cost of the 2010 contingency plan for the border post is estimated at R60 million, which will also form part of future developments towards a one stop border post.

The redevelopment of the Golela inland port of entry will conclude in 2010/11. It is estimated that R40 million will be required to complete the remainder of the project ahead of the 2010 FIFA World Cup. Once Swaziland completes the expansion of the neighbouring border post, it is expected that revenue generated from the new infrastructure will enhance the economy of both countries.

The redevelopment of the Skilpadshek inland port of entry is scheduled for completion in 2010/11 with an estimated R115 million required to finish the project. The completion of this project is expected to enhance trade and tourism between South Africa and Botswana.

All inland ports of entry have contracts which incorporate minor but critical capital works, with repair and facilities management requirements estimated to cost R226 million in 2010/11. These projects ensure that the border post infrastructure remains functional and supportive of the border control operational coordinating committee and the department's operations, preventing disruptions of services to the public.

*Small infrastructure project spending: Rehabilitation of unused and underutilised government buildings*

The second phase of the project for the central government office started in February 2009 and will continue for 18 months. The project has been allocated R40.5 million in 2009/10 and the allocation for 2010/11 is R108 million. The central government office is currently unoccupied and in a reasonably good condition. However, it needs to be upgraded to allow the Department of Public Works to vacate the leased building and move into state owned accommodation.

*Small infrastructure project spending: Refurbishment and maintenance of government buildings*

The Department of Public Works has 1 488 refurbishment and maintenance projects for various client departments in process. R2.2 billion in 2010/2011 and R2.9 billion in 2011/2012 are allocated for these projects. Each project is valued at less than R50 million. The underlying objective is to improve the condition of buildings to ensure that clients using these facilities are able to function adequately.

*Mega projects: Civitas building in Pretoria*

The project began in 2007 and is expected to be finalised by March 2010. The project currently has an allocation of R776.8 million. The project seeks to improve the condition of the building by upgrading it to a usable condition to provide accommodation for the Department of Health, which will be vacating its leased building to move into the new building, paying user accommodation charges that will be used to maintain the building. The allocation in 2010/11 for this project is R53.1 million to cater for the final accounts of the project.

## Departmental receipts

The department generates revenue mainly through letting properties and official quarters, and the sale of state owned land and buildings. Buildings that have been sold include redundant military bases and properties that are no longer cost effective to maintain.

**Table 6.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Departmental receipts</b>	<b>79 937</b>	<b>95 818</b>	<b>28 510</b>	<b>25 581</b>	<b>31 538</b>	<b>26 628</b>	<b>27 695</b>	<b>29 357</b>
Sales of goods and services produced by department	25 497	20 505	24 614	21 123	24 102	20 970	21 469	22 757
Sales of scrap, waste, arms and other used current goods	15	449	21	–	476	504	529	561
Fines, penalties and forfeits	3	2	1	2	2	3	4	5
Interest, dividends and rent on land	1 877	572	552	597	1 681	620	643	681
Sales of capital assets	26 582	67 664	940	1 000	3 184	1 500	1 700	1 802
Transactions in financial assets and liabilities	25 963	6 626	2 382	2 859	2 093	3 031	3 350	3 551
<b>Total</b>	<b>79 937</b>	<b>95 818</b>	<b>28 510</b>	<b>25 581</b>	<b>31 538</b>	<b>26 628</b>	<b>27 695</b>	<b>29 357</b>

## Programme 1: Administration

### Expenditure estimates

Table 6.4 Administration

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12	2012/13
R million								
Minister <sup>1</sup>	1.0	1.0	2.5	1.7	1.8	1.9	2.0	
Deputy Minister <sup>1</sup>	0.8	0.7	1.3	1.4	1.5	1.6	1.7	
Management	64.8	92.7	159.4	99.2	99.7	99.5	105.1	
Corporate Services	310.4	362.4	420.9	269.1	209.1	274.5	285.1	
Office Accommodation	248.3	277.0	217.4	317.5	351.0	374.5	396.4	
<b>Total</b>	<b>625.2</b>	<b>733.7</b>	<b>801.6</b>	<b>689.0</b>	<b>663.1</b>	<b>752.1</b>	<b>790.2</b>	
Change to 2009 Budget estimate				(89.0)	(117.9)	(129.2)	–	

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included.

Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

#### Economic classification

<b>Current payments</b>	<b>614.3</b>	<b>718.2</b>	<b>789.4</b>	<b>684.0</b>	<b>653.9</b>	<b>742.4</b>	<b>780.7</b>
Compensation of employees	163.9	209.1	279.1	158.7	162.8	170.9	179.5
Goods and services	450.4	509.1	510.4	525.3	491.1	571.5	601.3
of which:							
Contractors	2.6	1.1	1.1	1.0	0.5	1.3	1.4
Agency and support / outsourced services	29.8	30.7	29.0	30.0	10.4	18.6	17.5
Lease payments	158.7	173.7	166.0	194.4	204.9	223.4	237.6
Property payments	101.6	110.8	130.2	123.1	146.1	151.2	169.6
<b>Transfers and subsidies</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>
Provinces and municipalities	0.1	0.0	0.0	–	–	–	–
Households	0.6	0.5	0.5	1.1	1.2	1.2	1.3
<b>Payments for capital assets</b>	<b>10.1</b>	<b>15.0</b>	<b>11.7</b>	<b>3.9</b>	<b>8.1</b>	<b>8.5</b>	<b>8.2</b>
Machinery and equipment	5.9	10.8	11.7	(1.1)	3.1	3.2	2.7
Software and other intangible assets	4.2	4.2	–	5.0	5.0	5.3	5.5
<b>Total</b>	<b>625.2</b>	<b>733.7</b>	<b>801.6</b>	<b>689.0</b>	<b>663.1</b>	<b>752.1</b>	<b>790.2</b>

### Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 1.8 per cent, from R625.2 million to R689 million. Expenditure in this programme is dominated by current payments for compensation of employees and goods and services, and lease payments. Spending in the *Office Accommodation* subprogramme increased from R248.3 million in 2006/07 to R317.5 million in 2009/10. Funds in this programme will be utilised for the provision of leadership and support services, including accommodation needs and the overall management of the department.

Over the MTEF period, expenditure in this programme is expected to increase to R790.2 million in 2012/13 at an average annual rate of 4.7 per cent. This increase is mainly for expenditure in compensation of employees and goods and services for the *Office Accommodation* subprogramme.

## Programme 2: Immovable Asset Management

- *Infrastructure (Public Works)* funds the acquisition of infrastructure for the Department of Public Works, the prestige portfolio, and the mandate of the border control operational coordinating committee. Funds are distributed on the basis of priorities as determined by the department.

- *Strategic Asset Investment Analysis* provides for the strategic management of immovable assets owned or used for delivering various government services expected to yield functional, economic and social benefits to the state. The distribution of funds is governed by the compensation and administration requirements of the entity.
- *Operations Management* funds the implementation of acquisition and construction of infrastructure for the Department of Public Works and client departments. The distribution of funds is governed by the compensation and administration of the unit.
- *Prestige Management* funds the allocation for activities relating to the ministers' and deputy ministers' residences.
- *Property Management* funds the allocation for devolution of property rates funds to provinces grant. 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.
- *Augmentation of the Property Management Trading Entity* is a special subprogramme for receiving funds to be transferred to the entity. Funds are used on the basis of the requirements for the entity.
- *Construction Industry Development Board* provides strategic direction for the sustainable growth, reform and improvement of the construction sector and enhances the sector's role in the economy. The board promotes an enabling, regulatory and developmental framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.
- *Council for the Built Environment* focuses on improving stakeholder relations, aligning professions to the national imperative, protecting the public, improving performance of the skills pipeline, and regulating the council and the 6 professional councils. The council recognises the importance of partnerships in executing some of its programmes and works with government and its entities, the private sector, professional councils, professional institutes or voluntary associations as well as non-governmental organisations in the built environment.
- *Parliamentary Village Management Board* provides financial assistance to the board.

### **Objectives and measures**

- Lead in the implementation of the government wide immovable asset management by:
  - facilitating the completion of 30 user asset management plans annually
  - completing the annual custodial asset management plan for the Department of Public Works.
- Support government initiatives on land reform, housing, agriculture and rural development by providing the asset register database on land quarterly.
- Ensure that all basic property information is gathered and captured on the property management information system by achieving a 20 per cent improvement towards a complete and accurate immovable asset register by March 2011.
- Provide immovable asset investment option analyses by completing 80 per cent of annual requests for project investment analyses.
- Provide immovable asset valuations by ensuring that 80 per cent of immovable assets in the portfolio are valued annually in accordance with the approved accounting valuation model.

### **Service delivery focus**

Over the MTEF period, the portfolio performance and monitoring unit will continue ensuring that government buildings are accessible to people with disabilities, having upgraded 76 buildings in 2008/09. Another focus area for the unit will be to improve on energy efficiency to reduce energy consumption, having achieved a reduction of 13 800kw/h in 2008/09. The portfolio analysis unit will intensify and support the options analysis process aligned to government wide immovable asset management and National Treasury's requirements to optimise the state's asset portfolio and its investment decisions.

The new asset register management unit will be responsible for enhancing the asset register, which is the core instrument that will enable the department to carry out its mandate effectively and efficiently. The key accounts management unit represents the client's interest in providing appropriate accommodation for clients to



effectively deliver on their mandates. The focus is on project planning and budgeting, and advising clients in the pre-construction phase. This unit facilitated the completion of the first group of annual user asset management plans in 2009/10 year and will ensure that these are completed and submitted to National Treasury on an annual basis.

## Expenditure estimates

**Table 6.5 Immovable Asset Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Infrastructure (Public Works)	414.1	488.0	988.4	1 462.3	1 303.9	1 603.9	1 634.7
Property Management	710.3	836.6	889.3	1 369.7	1 096.2	1 162.0	1 220.1
Strategic Asset Investment Analysis	72.8	74.5	98.2	152.4	198.1	258.6	259.2
Operations Management	543.0	519.4	606.3	822.9	873.3	943.9	953.3
Prestige Management	–	–	–	–	38.0	46.0	40.0
Special Projects	26.1	27.4	28.9	30.4	32.0	42.0	42.0
Construction Industry Development Board	40.0	49.9	41.9	59.3	63.7	66.0	66.9
Council for the Built Environment	7.2	23.9	26.3	24.2	25.5	27.1	27.4
Parliamentary Village Management Board	5.7	2.4	6.3	6.6	7.0	7.4	7.8
Augmentation of the Property Management Trading Entity	450.0	476.0	528.0	588.4	613.0	630.2	646.8
<b>Total</b>	<b>2 269.2</b>	<b>2 498.1</b>	<b>3 213.6</b>	<b>4 516.2</b>	<b>4 250.7</b>	<b>4 787.0</b>	<b>4 898.3</b>
Change to 2009 Budget estimate				807.0	188.6	195.3	–

### Economic classification

<b>Current payments</b>	<b>587.8</b>	<b>601.6</b>	<b>705.6</b>	<b>981.2</b>	<b>1 078.5</b>	<b>1 206.8</b>	<b>1 261.2</b>
Compensation of employees	426.5	496.0	580.4	779.9	854.9	919.6	965.3
Goods and services	161.4	105.6	125.2	201.3	223.6	287.2	295.8
<i>of which:</i>							
Contractors	5.7	3.8	13.1	26.4	75.5	122.4	91.4
Agency and support / outsourced services	22.7	14.3	6.4	8.0	7.5	10.0	21.0
Lease payments	21.8	13.4	15.1	23.1	22.5	23.7	26.8
Property payments	21.4	1.5	2.3	2.4	2.5	2.7	2.8
<b>Transfers and subsidies</b>	<b>1 215.8</b>	<b>1 390.9</b>	<b>1 494.9</b>	<b>2 030.4</b>	<b>1 807.7</b>	<b>1 895.0</b>	<b>1 971.6</b>
Provinces and municipalities	710.4	836.6	889.3	1 349.7	1 096.2	1 162.0	1 220.1
Departmental agencies and accounts	502.9	552.2	602.5	678.4	709.1	730.6	748.9
Households	2.4	2.0	3.1	2.2	2.3	2.5	2.6
<b>Payments for capital assets</b>	<b>437.3</b>	<b>505.6</b>	<b>1 013.0</b>	<b>1 504.7</b>	<b>1 364.5</b>	<b>1 685.2</b>	<b>1 665.6</b>
Buildings and other fixed structures	414.1	488.0	988.4	1 462.3	1 303.9	1 603.9	1 634.7
Machinery and equipment	23.0	17.5	24.5	42.2	60.4	81.1	30.7
Software and other intangible assets	0.1	0.1	0.1	0.1	0.1	0.2	0.2
<b>Payments for financial assets</b>	<b>28.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>2 269.2</b>	<b>2 498.1</b>	<b>3 213.6</b>	<b>4 516.2</b>	<b>4 250.7</b>	<b>4 787.0</b>	<b>4 898.3</b>

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial Revenue Funds</b>							
<b>Current</b>	<b>710.1</b>	<b>836.6</b>	<b>889.3</b>	<b>1 349.7</b>	<b>1 096.2</b>	<b>1 162.0</b>	<b>1 220.1</b>
Devolution of Property Rate Funds to Provinces Grant	710.1	836.6	889.3	1 349.7	1 096.2	1 162.0	1 220.1

**Table 6.5 Immovable Asset Management (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>502.9</b>	<b>552.2</b>	<b>602.5</b>	<b>678.4</b>	<b>709.1</b>	<b>730.6</b>	<b>748.9</b>
Property Management Trading Entity: Augmentation of the Trading Entity	450.0	476.0	528.0	588.4	613.0	630.2	646.8
Parliamentary Villages Management Board	5.7	2.4	6.3	6.6	7.0	7.4	7.8
Construction Industry Development Board	40.0	49.9	41.9	59.3	63.7	66.0	66.9
Council for Built Environment	7.2	23.9	26.3	24.2	25.5	27.1	27.4

### Expenditure trends

Between 2006/07 and 2009/10, spending in this programme increased at an average annual rate of 25.8 per cent, from R2.3 billion to R4.5 billion. The increase was due to an increase in transfers and subsidies, and expenditure for buildings and other fixed structures.

Over the MTEF period, spending on departmental agencies and accounts is expected to increase from R678.4 million in 2009/10 to R748.9 million in 2012/13, at an average annual rate of 3.4 per cent. This allocation includes expenditure for the Construction Industry Development Board, the property management trading entity, the Council for the Built Environment and the Parliamentary Village Management Board.

Spending over the MTEF period will focus on providing and managing government's immovable property portfolio to support government's social, economic, functional and political objectives. Transfers to the entities are also budgeted for in this programme.

### Programme 3: Expanded Public Works Programme

- *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 the delivery of needed services. Funds for the performance based incentives to municipalities and provinces are distributed on the basis of their ability to absorb unskilled labour in the expanded public works programme projects.

#### Objectives and measures

- Increase the Department of Public Work's participation in the implementation of the expanded public work programme by:
  - training 6 000 youth in artisan trades of the built environment by 2014
  - facilitating the exit of youth trained through the National Youth Service programme by ensuring that at least 15 per cent of the youth trained are placed annually.
- Increase the number of public bodies reporting on the implementation of the expanded public works programme by ensuring that at least 200 municipalities are reporting on the expanded public works programme by March 2013.
- Support different public bodies to implement the expanded public works programme in different sectors to contribute the following work opportunities and full-time equivalents by March 2014:
  - 2 374 000 work opportunities (903 478 full-time equivalents) in the infrastructure sector
  - 1 156 000 work opportunities (325 652 full-time equivalents) in the environment sector
  - 750 000 work opportunities (513 043 full-time equivalents) in the social sector
  - 640 000 work opportunities (278 261 full-time equivalents) in the non-state sector.

## Service delivery focus

The expanded public works programme is a national programme that includes the infrastructure, economic, social, and environmental and cultural sectors. Departments that were identified as coordinators for these 4 sectors are responsible for ensuring that sector business plans are prepared and consolidated by implementing bodies such as municipalities, provinces, national departments and state owned enterprises.

In 2008/09, the Department of Public Works prepared a business plan to implement the expanded public works programme throughout national and provincial departments. The business plan's focus is on the infrastructure sector, and more specifically, the maintenance of public buildings and facilities that are used by government to deliver services to the public. The principles of the business plan are informed by experiences from a number of programmes that are currently being implemented by various provincial departments, such as: Zivuseni (Gauteng), Saamstaan (Western Cape), Gundo Lasho (Limpopo), Asisebenze (KwaZulu-Natal works), Zibambele (KwaZulu-Natal transport) and Vukuzakhe (Eastern Cape).

Through the expanded public works programme, the Department of Public Works will continue to coordinate and develop policy frameworks in the 4 sectors. The expanded public works programme unit in the department will also provide technical support to public bodies in all the sectors to assist in implementing the programme. The support will include assisting with identifying and designing suitable projects and reporting on the work opportunities created by the projects.

## Expenditure estimates

**Table 6.6 Expanded Public Works Programme**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Expanded Public Works Programme	70.4	126.6	133.0	608.5	1 479.1	2 386.7	2 496.6
<b>Total</b>	<b>70.4</b>	<b>126.6</b>	<b>133.0</b>	<b>608.5</b>	<b>1 479.1</b>	<b>2 386.7</b>	<b>2 496.6</b>
Change to 2009 Budget estimate				(126.2)	(216.2)	(259.9)	-
<b>Economic classification</b>							
<b>Current payments</b>	<b>70.1</b>	<b>126.0</b>	<b>131.9</b>	<b>208.7</b>	<b>276.8</b>	<b>313.7</b>	<b>321.1</b>
Compensation of employees	11.9	29.6	47.8	63.8	93.0	99.1	92.2
Goods and services	58.2	96.4	84.1	144.9	183.8	214.6	229.0
<i>of which:</i>							
<i>Contractors</i>	<i>0.3</i>	<i>0.3</i>	<i>0.2</i>	<i>5.5</i>	<i>5.9</i>	<i>6.3</i>	<i>7.6</i>
<i>Agency and support / outsourced services</i>	<i>42.8</i>	<i>54.5</i>	<i>34.7</i>	<i>51.2</i>	<i>63.0</i>	<i>83.8</i>	<i>88.0</i>
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>398.7</b>	<b>1 201.0</b>	<b>2 071.6</b>	<b>2 174.5</b>
Provinces and municipalities	0.0	-	-	353.2	1 010.6	1 908.0	2 003.4
Public corporations and private enterprises	-	-	-	5.0	10.5	9.2	9.6
Non-profit institutions	-	-	-	40.5	179.8	154.4	161.5
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.6</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.4</b>	<b>1.0</b>
Machinery and equipment	0.2	0.6	1.1	1.2	1.4	1.4	1.0
<b>Total</b>	<b>70.4</b>	<b>126.6</b>	<b>133.0</b>	<b>608.5</b>	<b>1 479.1</b>	<b>2 386.7</b>	<b>2 496.6</b>
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial Revenue Funds</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151.4</b>	<b>387.6</b>	<b>800.0</b>	<b>840.0</b>
Expanded Public Works Programme incentive grant to provinces for the Social Sector	-	-	-	-	56.6	-	-
Expanded Public Works Programme incentive to provincial government	-	-	-	151.4	331.0	800.0	840.0

**Table 6.6 Expanded Public Works Programme (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	-	-	-	201.7	623.0	1 108.0	1 163.4
Expanded Public Works Programme incentive grant for municipalities	-	-	-	201.7	623.0	1 108.0	1 163.4
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Current</b>	-	-	-	5.0	10.5	9.2	9.6
Independent Development Trust	-	-	-	5.0	10.5	9.2	9.6
<b>Non-profit institutions</b>							
<b>Current</b>	-	-	-	40.5	179.8	154.4	161.5
Non-state sector	-	-	-	40.5	179.8	154.4	161.5

### Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 105.2 per cent from R70.4 million to R608.5 million. The increase is due to the implementation of the second phase of the national expanded public works programme in 2009/10. The additional allocation for the expanded public works programme is for conditional grants to both provinces and local government, and non-profit institutions. Amounts allocated for incentive grants in the expanded public works programme in 2009/10 were: R201.7 million to local government, R151.4 million to provincial government, and R190 million to non-profit institutions.

Over the 2010 MTEF period, the budget is expected to increase to R2.5 billion at an average rate of 60 per cent due to additional allocations for the capacity and the social sector.

The following additional allocations have been made for the expanded public works programme over the MTEF period:

- capacity for the expanded public works programme incentive grant for local government: R10 million in 2010/11
- expanded public works programme incentive grant for the social sector: R56.6 million in 2010/11.

Spending over the MTEF period will focus on coordinating the implementation of the expanded public works programme.

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

- *Construction Industry Development Programme* creates an enabling environment for transforming the reconstruction and development industry.
- *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. 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.

### Objectives and measures

- Promote transformation, growth and development in the construction and property industries by:
  - developing strategies on job creation and poverty alleviation annually
  - establishing of a national task team to coordinate the implementation of the national contractor development programme by the end of June 2010.
- Regulate the construction and property industries and related professions by:

- submitting the bill arising out of the review of the Expropriation Act (1975) to ensure consistency with the Constitution, to Parliament in the fourth quarter of 2010/11
- Establish Agrément South Africa as a juristic person by submitting the bill to Parliament by September 2010.
- Promote uniformity and best practice in the lifecycle management of state immovable assets by providing guidance on the extension and implementation of the government wide immovable asset programme to the Department of Cooperative Governance and Traditional Affairs, and provinces in 2010/11.

## Service delivery focus

The programme is jointly managed by the department and its entity, the Construction Industry Development Board. It entails registering and empowering contractors through various developmental interventions such as the national contractor development programme and the construction contact centres.

The Construction Sector Charter on Black Economic Empowerment was gazetted in terms of section 9 of the Broad Based Black Economic Empowerment Act (2003). The Property Sector Charter Council's constitution is currently being negotiated.

The department participates fully in the Property Sector Charter Council and an application for the gazetting of the Property Sector Transformation Charter as prescribed by section 9 was lodged in 2009/10 with the Department of Trade and Industry. It is envisaged that this process will be finalised by mid-2010.

## Expenditure estimates

**Table 6.7 Property and Construction Industry Policy Regulations**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12	2012/13
R million								
Construction Industry Development Programme	39.7	30.5	20.7	22.4	20.7	23.5	23.8	
Property Industry Development Programme	0.8	0.4	12.7	11.3	10.9	11.7	12.9	
<b>Total</b>	<b>40.4</b>	<b>30.9</b>	<b>33.4</b>	<b>33.8</b>	<b>31.5</b>	<b>35.2</b>	<b>36.7</b>	
<b>Economic classification</b>								
<b>Current payments</b>	<b>40.2</b>	<b>30.8</b>	<b>33.2</b>	<b>33.6</b>	<b>31.5</b>	<b>35.1</b>	<b>36.7</b>	
Compensation of employees	11.2	11.8	9.4	9.9	10.7	12.0	12.6	
Goods and services	28.9	19.0	23.7	23.7	20.8	23.1	24.1	
<i>of which:</i>								
Agency and support / outsourced services	10.5	7.5	9.4	9.2	8.2	9.3	9.4	
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
Households	0.1	–	0.0	–	–	–	–	
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Machinery and equipment	0.1	0.1	0.2	0.1	0.0	0.0	0.0	
<b>Total</b>	<b>40.4</b>	<b>30.9</b>	<b>33.4</b>	<b>33.8</b>	<b>31.5</b>	<b>35.2</b>	<b>36.7</b>	

## Expenditure trends

Spending in the *Property Industry Development* subprogramme grew by 141.7 per cent between 2006/07 and 2009/10 due to the expansion of the property development sector to cater for the growing demand to regulate and transform the sector and absorb previously disadvantaged individuals into the mainstream economy. Over the MTEF period, total expenditure is expected to increase to R36.7 million in 2012/13 at an average annual rate of 2.8 per cent, due to adjustments for inflation.

Spending over the MTEF period will focus on promoting the growth and transformation of the construction and property industries.

## 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.
- *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.
- *State Functions* provides for the acquisition of logistical facilities for state functions.

### Expenditure estimates

Table 6.8 Auxiliary and Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Compensation for Losses	0.6	0.1	–	1.8	1.9	2.1	2.2
Assistance to Organisations for Preservation of National Memorials	13.3	12.7	13.7	16.5	17.5	18.5	19.4
State Functions	6.6	0.2	0.1	22.1	0.1	0.1	0.1
Sector Education and Training Authority	–	–	1.6	2.2	2.3	2.5	2.6
<b>Total</b>	<b>20.6</b>	<b>13.0</b>	<b>15.4</b>	<b>42.6</b>	<b>21.9</b>	<b>23.2</b>	<b>24.3</b>
Change to 2009 Budget estimate				0.4	(7.0)	(7.4)	–
<b>Economic classification</b>							
<b>Current payments</b>	<b>6.6</b>	<b>0.2</b>	<b>0.1</b>	<b>23.9</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>
Goods and services	6.6	0.2	0.1	23.9	2.1	2.2	2.3
of which:							
Contractors	0.4	–	0.1	12.3	0.3	0.4	0.4
<b>Transfers and subsidies</b>	<b>13.9</b>	<b>12.8</b>	<b>15.3</b>	<b>18.7</b>	<b>19.8</b>	<b>21.0</b>	<b>22.0</b>
Departmental agencies and accounts	–	–	1.6	2.2	2.3	2.5	2.6
Foreign governments and international organisations	13.3	12.7	13.7	16.5	17.5	18.5	19.4
Households	0.6	0.1	–	0.0	0.0	0.0	0.0
<b>Total</b>	<b>20.6</b>	<b>13.0</b>	<b>15.4</b>	<b>42.6</b>	<b>21.9</b>	<b>23.2</b>	<b>24.3</b>

### Expenditure trends

Expenditure increased at an average annual rate of 27.4 percent, from R20.6 million in 2006/07 to R42.6 million in 2009/10. This is mainly due to the once-off costs arising from the inauguration of the president in 2009/10.

Over the MTEF period, expenditure is expected to decrease to R24.3 million in 2012/13, at an average annual rate of 17 per cent, due to the fact that the next presidential inauguration is expected to take place in 2014/15.

Spending over the MTEF period will focus on providing various services including compensation for losses, assistance to organisations for the preservation of national memorials, and meeting protocol responsibilities for state functions.

### Public entity and other agencies

#### Property management trading entity

Strategic overview: 2006/07 – 2012/13

The property management trading entity originates from the 2006 decision that accommodation related costs be devolved by the Department of Public works to client departments. The devolution of these budgets aimed to ensure the long term sustainability of the Department of Public Works and its immovable assets as well as compliance with the Public Finance Management Act (1999), which requires the full cost of a service to be visible on each department's budget.

At the end 2008/09, 94.2 per cent of all invoices issued had been paid. An additional R81 million outstanding from previous years was also recovered. The entity has been operating on a modified cash basis of accounting, but will start reporting on accrual accounting from April 2010. The main challenges are inadequate billing and accounting systems and the incomplete immovable asset register. The asset valuation model for valuing assets is still pending approval by the accountant-general. The model will be implemented to reflect the value of the entity's assets in the next annual financial statements.

The department has engaged National Treasury and other stakeholders to discuss the way forward for the property management trading entity's operations. It is looking at establishing a government component which will still form part of the department. Short term priorities include finalising the structure, improving financial management (specifically revenue management), re-evaluating business processes and policies, as well as identifying, acquiring and implementing supportive IT. The asset register has been implemented and other accounting systems now have to be procured for invoicing, accounting and reporting. A task team has been established for this.

### Savings and cost effective service delivery

The property management trading entity will focus on implementing systems to improve its invoicing, which should improve revenue collection and make more money available for projects. Compensation of employees and goods and services costs are still carried by the department. Projects and properties (leases) are procured through a supply chain management structure, which ensures the best possible rates.

### Selected performance indicators

**Table 6.9 Property management trading entity**

Indicators	Description	Programme/Activity	Past			Current	Projections		
			2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Amount of revenue collected	Amount of revenue projected in line with budget	Revenue management	R 3 930 335	R 4 694 048	R 4 283 244	R 5 308 319	R 5 966 758	R 6 624 630	R 7 353 820
Average number of days to collect outstanding money	Age analysis of period between issue of invoice and receipt of money	Revenue management	60	60	60	60	60	60	60
Amount invoiced outstanding at the end of per year	Money not received at the end of the financial year	Revenue management	R 148 734	R 32 861	R 143 015	R 152 699	R 10 000	R 5 000	-

### Service delivery focus

By the end of the 2008/09, 94.2 per cent of all invoices issued were paid and an additional R81 million outstanding from the previous year was recovered. Some invoices will not be paid by the end of 2009/10 due to disputes from some clients. The entity overspent its budget and reported a deficit at the end of 2008/09, but it did not overspend its budget on invoices issued.

In 2009/10, the entity received R5.3 billion in revenue for accommodation charges (state owned and private), an augmentation of R588 million from the Department of Public Works and a management fee collected on the administration of municipal services accounts. Over the MTEF period, these funds will be used to pay property rates, for cleaning and gardening services and maintenance. The cost of rehabilitating unutilised buildings will be R249 million. A further R5.5 billion will be spent over the MTEF period on municipal services and capital works on behalf of clients.

The entity has 1 600 projects currently running on its planned maintenance programme, of which 523 are currently under construction, 102 are out to tender and 577 are in the planning stage. The rest of the projects are in different stages of investigation and initiation. Municipal services invoices are sent out on a monthly basis to 35 clients, detailing payments made to local governments on behalf of the relevant client.

## Expenditure estimates

**Table 6.10 Property management trading entity: Objective information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Repair, Renovate, Refurbish & Maintenance of buildings	1 463.0	1 695.5	1 992.7	2 486.4	1 718.7	1 941.5	2 201.5
Operating Leases	1 493.8	1 610.9	1 884.9	200.1	1 163.7	1 215.9	1 221.7
Property Rates	1 034.8	1 206.0	409.6	538.6	592.5	651.7	716.9
Cleaning & Gardening Services (DPW & Justice)	55.0	81.1	107.8	119.8	155.7	202.4	263.2
Other objectives	48.7	33.0	16.2	25.1	44.5	56.2	6.3
<b>Total expense</b>	<b>4 095.3</b>	<b>4 626.5</b>	<b>4 411.3</b>	<b>3 369.9</b>	<b>3 675.1</b>	<b>4 067.7</b>	<b>4 409.5</b>

**Table 6.11 Property management trading entity: Financial information**

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 480.3</b>	<b>4 218.0</b>	<b>3 755.2</b>	<b>4 719.9</b>	<b>5 353.8</b>	<b>5 994.4</b>	<b>6 707.0</b>
Sale of goods and services other than capital assets <i>of which:</i>	3 476.6	4 211.1	3 745.6	4 714.9	5 348.8	5 989.4	6 702.0
Property management fees	1 336.0	4 211.1	3 745.6	2 217.6	2 407.7	2 607.2	2 812.4
Other sales	2 140.6	–	–	2 497.3	2 941.1	3 382.3	3 889.6
Other non-tax revenue	3.7	7.0	9.7	5.0	5.0	5.0	5.0
<b>Transfers received</b>	<b>450.0</b>	<b>476.0</b>	<b>528.0</b>	<b>588.4</b>	<b>613.0</b>	<b>630.2</b>	<b>646.8</b>
<b>Total revenue</b>	<b>3 930.3</b>	<b>4 694.0</b>	<b>4 283.2</b>	<b>5 308.3</b>	<b>5 966.8</b>	<b>6 624.6</b>	<b>7 353.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>3 060.6</b>	<b>3 416.2</b>	<b>4 001.6</b>	<b>2 831.3</b>	<b>3 082.6</b>	<b>3 416.0</b>	<b>3 692.7</b>
Goods and services	3 048.7	3 407.6	3 989.5	2 816.2	3 066.3	3 398.4	3 673.6
Interest, dividends and rent on land	11.9	8.6	12.2	15.1	16.3	17.6	19.1
<b>Transfers and subsidies</b>	<b>1 034.8</b>	<b>1 210.3</b>	<b>409.6</b>	<b>538.6</b>	<b>592.5</b>	<b>651.7</b>	<b>716.9</b>
<b>Total expenses</b>	<b>4 095.3</b>	<b>4 626.5</b>	<b>4 411.3</b>	<b>3 369.9</b>	<b>3 675.1</b>	<b>4 067.7</b>	<b>4 409.5</b>
<b>Surplus / (Deficit)</b>	<b>(165.0)</b>	<b>67.6</b>	<b>(128.0)</b>	<b>1 938.4</b>	<b>2 291.7</b>	<b>2 556.9</b>	<b>2 944.3</b>
<b>Statement of financial position</b>							
Carrying value of assets	–	–	–	4 416.7	6 678.4	9 235.3	12 179.6
<i>of which: Acquisition of assets</i>	–	–	–	1 938.4	2 291.7	2 556.9	2 944.3
Receivables and prepayments	849.0	1 177.4	1 508.4	1 208.4	908.4	608.4	308.4
Cash and cash equivalents	–	0.8	–	–	376.5	426.5	476.5
Assets not classified elsewhere	3.7	8.0	8.0	–	–	–	–
<b>Total assets</b>	<b>852.7</b>	<b>1 186.1</b>	<b>1 516.3</b>	<b>5 625.1</b>	<b>7 963.3</b>	<b>10 270.2</b>	<b>12 964.5</b>
Accumulated surplus/deficit	(165.0)	(130.8)	(268.5)	4 081.3	6 678.4	9 235.3	12 179.6
Trade and other payables	1 017.7	1 310.0	1 783.2	1 543.9	1 284.9	1 034.9	784.9
Liabilities not classified elsewhere	–	7.0	1.7	–	–	–	–
<b>Total equity and liabilities</b>	<b>852.7</b>	<b>1 186.1</b>	<b>1 516.3</b>	<b>5 625.1</b>	<b>7 963.3</b>	<b>10 270.2</b>	<b>12 964.5</b>

## Expenditure trends

Revenue has increased from R3.9 billion in 2006/07 to R5.3 billion in 2009/10, at an average annual rate of 10.5 per cent and is expected to increase to R7.3 billion in 2012/13, at an average annual rate of 11.5 per cent over the MTEF period. This increase is informed by a 15 per cent increase in accommodation charges, while the leases and municipal services budget only received a 6 per cent increase. The difference between the budget increase and the real increase will have to be funded by the clients. The budgets for future years will be negotiated between the property management trading entity and its clients on a more detailed basis and will be calculated according to the actual space occupied and services used by the client. Revenues for the property management trading entity are generated from receipts received in relation to accommodation charges, municipal service fees and the augmentation of the trading entity.



Expenditure decreased from R4.1 billion in 2006/07 to R3.4 billion in 2009/10, at an average annual rate of 6.3 per cent, and is expected to increase to R4.4 billion over the MTEF period. This is due to the devolution of the budget for property rates to provinces.

## Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	687.3	741.9	801.6	778.0	(89.0)	689.0	689.0
2. Immovable Asset Management	3 195.5	3 300.7	3 213.6	3 799.3	716.9	4 516.2	4 466.2
3. Expanded Public Works Programme	199.3	200.1	133.0	651.3	(42.8)	608.5	508.5
4. Property and Construction Industry Policy Regulations	33.4	33.4	33.4	33.8	–	33.8	33.8
5. Auxiliary and Associated Services	25.9	25.9	15.4	35.6	7.0	42.6	42.6
<b>Total</b>	<b>4 141.4</b>	<b>4 302.0</b>	<b>4 197.0</b>	<b>5 298.0</b>	<b>592.1</b>	<b>5 890.1</b>	<b>5 740.1</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 580.3</b>	<b>1 612.1</b>	<b>1 660.3</b>	<b>1 879.2</b>	<b>52.2</b>	<b>1 931.4</b>	<b>1 931.4</b>
Compensation of employees	811.5	828.3	916.6	887.5	124.7	1 012.2	1 012.2
Goods and services	768.8	783.8	743.6	991.7	(72.5)	919.2	919.2
<b>Transfers and subsidies</b>	<b>1 512.7</b>	<b>1 512.7</b>	<b>1 510.7</b>	<b>2 150.6</b>	<b>298.2</b>	<b>2 448.8</b>	<b>2 348.8</b>
Provinces and municipalities	889.3	889.3	889.3	1 349.7	353.2	1 702.9	1 602.9
Departmental agencies and accounts	604.6	604.6	604.1	700.7	(20.0)	680.7	680.7
Foreign governments and international organisations	15.5	15.5	13.7	16.5	–	16.5	16.5
Public corporations and private enterprises	0.1	0.1	0.0	–	5.0	5.0	5.0
Non-profit institutions	–	–	–	80.5	(40.0)	40.5	40.5
Households	3.2	3.2	3.5	3.3	–	3.3	3.3
<b>Payments for capital assets</b>	<b>1 048.4</b>	<b>1 177.2</b>	<b>1 026.0</b>	<b>1 268.2</b>	<b>241.7</b>	<b>1 509.8</b>	<b>1 459.8</b>
Buildings and other fixed structures	1 031.2	1 155.0	988.4	1 220.6	241.7	1 462.3	1 412.3
Machinery and equipment	17.2	17.2	37.5	42.4	–	42.4	42.4
Software and other intangible assets	–	5.0	0.1	5.1	–	5.1	5.1
<b>Total</b>	<b>4 141.4</b>	<b>4 302.0</b>	<b>4 197.0</b>	<b>5 298.0</b>	<b>592.1</b>	<b>5 890.1</b>	<b>5 740.1</b>

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Permanent and full time contract employees</b>							
Compensation (R million)	599.5	731.6	901.0	995.8	1 104.2	1 183.6	1 230.4
Unit cost (R million)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
<i>Administration</i>	0.4	0.4	0.5	0.2	0.2	0.3	0.3
<i>Immovable Asset Management</i>	0.1	0.1	0.1	0.2	0.2	0.2	0.2
<i>Expanded Public Works Programme</i>	0.2	0.2	0.2	0.3	0.4	0.4	0.4
<i>Property and Construction Industry Policy Regulations</i>	0.6	0.5	0.4	0.4	0.4	0.4	0.5
Personnel numbers (head count)	4 479	5 142	5 685	5 654	5 681	5 681	5 681
<b>Part time and temporary contract employees</b>							
Compensation (R million)	9.2	9.8	10.3	10.8	11.3	11.9	12.6
Unit cost (R million)	0.1	0.4	0.4	0.4	0.4	0.4	0.5
Personnel numbers (head count)	62	27	27	27	27	27	27
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>613.6</b>	<b>746.4</b>	<b>916.6</b>	<b>1 012.2</b>	<b>1 121.4</b>	<b>1 201.7</b>	<b>1 249.6</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>4 682</b>	<b>5 487</b>	<b>6 030</b>	<b>5 999</b>	<b>6 026</b>	<b>6 026</b>	<b>6 026</b>

Table 6.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	613.6	746.4	916.6	1 012.2	1 121.4	1 201.7	1 249.6
Training expenditure (R million)	12.8	15.2	22.0	26.1	27.5	28.5	29.9
Training as percentage of compensation	2.1%	2.0%	2.4%	2.6%	2.5%	2.4%	2.4%
Total number trained in department (head count)	4 200	4 200	4 200	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	600	600	562	–			
<i>Learnerships trained (head count)</i>	236	172	172	–			
<i>Internships trained (head count)</i>	141	318	312	–			

Table 6.D Summary of departmental public private partnership (PPP) projects

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2009/10	2010/11	2011/12	2012/13
R million					
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>119.3</b>	<b>25.0</b>	<b>26.2</b>	<b>27.6</b>	<b>28.9</b>
PPP unitary charge <sup>1</sup>	119.3	25.0	26.2	27.6	28.9
<b>Total</b>	<b>119.3</b>	<b>25.0</b>	<b>26.2</b>	<b>27.6</b>	<b>28.9</b>

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport's chapter.

Table 6.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
<b>Departmental infrastructure</b>										
Phase 3 of the parliamentary complex extension	Construction of office accommodation	Identification	1 238.8	-	-	-	-	-	-	23.0
Phase 1 of the parliamentary complex extension	Construction of parking facility	Identification	444.0	-	-	-	35.6	-	-	-
Phase 2 of the parliamentary complex extension	Construction of office accommodation	Identification	798.3	-	-	-	16.7	-	-	-
Redevelopment of Lebombo border post	Redevelopment	Design	470.1	-	19.3	17.1	13.7	272.0	119.1	-
Redevelopment of Skilpadshok border post	Redevelopment	Construction	308.3	5.1	5.9	30.7	88.3	-	-	-
Upgrading and construction of various centres	Upgrading and construction of departmental accommodation	Various	-	54.1	39.7	55.3	93.6	93.6	93.6	99.7
Dolomite risk management at various centres	Dolomite risk management	Various	-	65.3	43.6	55.2	160.0	160.0	160.0	170.0
Upgrading of disabled facilities at various centres	Upgrading of disabled facilities	Various	-	-	-	1.1	15.0	15.0	15.0	-
Border control projects at various centres	Border control projects	Various	-	197.6	185.5	400.2	548.2	449.5	578.5	441.8
Upgrading and construction at various centres	Upgrading and construction of prestige accommodation	Various	-	76.1	157.9	237.3	331.4	191.6	244.8	536.0
Re Kgabisa Tshwane programme	Development of a national government precinct	Various	-	15.9	36.1	191.6	12.6	240.0	240.0	245.0
<b>Total</b>			<b>3 259.5</b>	<b>414.1</b>	<b>488.0</b>	<b>988.4</b>	<b>1 220.6</b>	<b>1 303.9</b>	<b>1 603.9</b>	<b>1 634.7</b>