

11: PUBLIC WORKS

AIM

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

EXPENDITURE ESTIMATES

Table 11.1 Expenditure by programme

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Administration ¹	68,4	83,3	76,8	78,5	111,1	115,8	120,4
Provision of land and accommodation	1 658,2	1 922,0	2 206,6	2 319,5	2 700,3	2 832,3	3 056,5
National Public Works Programme ²	—	—	—	337,4	19,3	119,9	20,6
Auxiliary and associated services	378,7	388,4	454,4	11,2	13,4	14,4	15,4
Capital works for Public Works ³	96,2	62,8	82,7	88,2	31,4	32,1	27,4
Sub-total	2 201,5	2 456,5	2 820,5	2 834,8	2 875,5	3 114,5	3 240,3
Capital works for other votes ⁴	328,7	391,1	543,5	1 379,1	927,9	1 190,9	1 299,3
Total	2 530,2	2 847,6	3 364,0	4 213,9	3 803,4	4 305,4	4 539,6

¹ Authorised losses added: 1995/96 R3,7 million, 1996/97 R2,8 million and 1997/98 R1,7 million.

² The National Public Works Programme became a separate programme in 1998/99.

³ Up to 1997/98 Public works capital also includes projects on behalf of other departments or institutions not classified.

⁴ Erection or purchase of buildings on behalf of national departments on Vote Public Works (See Table 11.2).

Capital works

In Table 11.1 the amounts allocated to other departments for the acquisition of capital assets (buildings) were split from the *Provision of land and accommodation* programme to form the line *Capital works for other votes*. The acquisition of assets by non-departmental agencies before 1998/99 and by Public Works itself, however, remains on the former programme. Other expenditure on the programme *Provision of land and accommodation* includes office rental, maintenance, municipal

services and local rates and taxes on State property. For example, the Department pays about R400 million a year in local rates and taxes on behalf of the provinces. A detailed breakdown for 1999/00 is provided in Table 11.7.

Table 11.2 Amounts allocated for the erection or purchase of buildings

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Agriculture	—	1,3	9,3	7,8	13,5	14,0	14,1
Arts, Culture, Science and Technology	—	—	—	39,4	38,4	30,0	31,0
Correctional Services	150,0	256,6	382,8	762,5	463,7	769,4	852,4
Defence	99,0	63,8	63,7	73,7	49,0	49,8	51,6
Environmental Affairs and Tourism	—	—	—	2,7	—	—	—
Foreign Affairs (chanceries)	—	—	0,6	120,3	40,9	11,3	—
Health	—	—	—	10,2	1,9	13,2	16,2
Home Affairs	—	—	—	23,3	28,6	15,2	5,3
Justice	46,4	31,7	36,2	103,8	144,7	154,9	183,8
Labour	—	—	—	15,0	21,3	28,2	29,2
Land Affairs	—	—	—	2,7	—	—	—
SA Police Service	33,3	37,7	50,9	129,5	125,9	104,9	115,7
Sub-total	328,7	391,1	543,5	1 290,9	927,9	1 190,9	1 299,3
Public Works Department ¹	96,2	62,8	82,7	88,2	31,4	32,1	27,4
Total	424,9	453,9	626,2	1 379,1	959,3	1 223,0	1 326,7

¹ Up to 1997/98 Public works capital includes projects on behalf of other departments or institutions not classified.

Programmes

The Department's activities are arranged into the following programmes:

- ◆ *Administration* comprises financial management, personnel and provisioning administration, legal and other office support services and the formulation of policy by the Minister and management of the Department. The programme also involves determining procedures and exercising control through head office and regional offices and rendering centralised professional, administrative and office auxiliary services.
- ◆ *Provision of land and accommodation* entails the management of land, buildings and structures and the purchasing or erecting of buildings to provide national departments with accommodation.
- ◆ The *National Public Works Programme* promotes and facilitates job creation, skills development and capacity building in the delivery of infrastructure. It also facilitates and co-ordinates policy development aimed at the transformation of the construction industry. In addition, this programme manages the implementation of Community Based

Public Works Programme (CBPWP) projects that primarily target poor areas.

- ◆ *Auxiliary and associated services* entails various services such as compensation for losses on the State-assisted housing scheme for public servants; disaster relief; support for the preservation of national memorials and promotion of the building and construction industry.

Table 11.3 Economic classification of expenditure

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Current							
Personnel expenditure ¹	236,1	270,5	248,3	251,0	282,3	304,0	324,9
Other current expenditure	1 487,6	1 577,1	1 895,2	1 690,4	2 239,6	2 328,5	2 431,5
Transfer payments	133,7	165,3	127,3	35,2	39,8	40,8	41,8
Capital							
Acquisition of capital assets	672,8	834,7	1 093,2	2 237,3	1 241,7	1 632,1	1 741,4
Total	2 530,2	2 847,6	3 364,0	4 213,9	3 803,4	4 305,4	4 539,6

¹ Departmental personnel expenditure includes employer's contributions to pension funds at a rate of 17 per cent of basic salary in 1998/99 and 15 per cent of basic salary in subsequent years.

OUTPUTS AND SERVICE DELIVERY TRENDS

Table 11.4 Key activities and outputs

Programme	Key activities	Outputs
Administration	Policy formulation and overall management of the Department.	Organise the Department. Exercise control through head office and regional offices. Render centralised professional, administrative and office auxiliary services.
Provision of land and accommodation	Management of land, buildings and structures on behalf of national departments and paying rates and taxes for national and provincial departments.	Lease and adapt office accommodation for national departments. Lease residential accommodation for official quarters. Maintain, repair and renovate buildings. Provide and maintain prestige accommodation and furniture to political office-bearers and certain national departments. Purchase of land and accommodation and erection of buildings and structures.
National Public Works Programme	Promotion and facilitation of job creation.	Develop skills. Build capacity in the delivery of infrastructure.
Auxiliary and associated services	Various functions.	Enable people with medical problems to settle at Loskop. Assist certain organisations to preserve national memorials. Provide grants-in-aid to the Public Servants Association and to the Parliamentary Villages Management Board. Arrange decorations for public functions.

POLICY DEVELOPMENTS

White Paper on the construction industry

The White Paper on Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry is aimed at enhanced delivery, greater stability, improved industry performance, value for money and growth in the emerging construction sector. The policy aims to increase public demand for construction and identifies the need to improve the sector's capacity to manage the delivery process.

Emanating from the White Paper, a range of detailed policy proposals are being developed to address industry relations, such as those between client and contractors, prime and subcontractors. Such issues address contractual relations, alternative dispute resolution, public sector payment procedures and others. A policy framework is being developed on the establishment of a national register of contractors and, most significantly for the constituting of a Construction Industry Development Board as a permanent vehicle to drive the strategy for industry growth and development.

Community Based Public Works Programme

The 1998 *Budget Review* notes that independent evaluations of the CBPWP identified valuable lessons for policy development. The Department introduced refinements to the Rural Anti-Poverty Programme (RAP) in November 1997, supported by a poverty relief allocation of R85 million. This will continue under the realigned CBPWP with an allocation of R274 million announced in September 1998.

In the realigned CBPWP at least 50 per cent of the members of community committees are to be female. Women should also account for at least half of temporary construction workers and of longer term beneficiaries.

A departmental discussion paper identifies twelve CBPWP policy concerns. These include gender equity, wages and balancing economic and social imperatives in project design and implementation. It will now consider the experience of the Departments of Agriculture, Education, Health, Water Affairs and Forestry, Welfare, Housing and Transport and will promote a unified approach at national level.

Emerging contractor development programme

The programme is aimed at empowering small contractors to participate more efficiently in mainstream construction activities. It assists contractors on tendering and quoting procedures and provides training, finance and supplies. Further policy development is seeking to establish a framework for the monitoring of emerging contracts.

Establishment of a property agency

A framework for the establishment of a property agency, whereby accommodation will be provided to National Government Departments on a commercial basis is being established. To implement this concept, Departments will have to provide funds on their own budgets for their accommodation needs in line with the proposed Treasury Control Bill. The advantages of this initiative will be more economic, effective and efficient management of the State's property portfolio and that Department's budgets will reflect the cost of their accommodation.

Policy on affirmative procurement

This policy assists previously disadvantaged contractors through procurement principles that mainly target emerging business enterprises.

DISCUSSION OF PROGRAMMES

Programme 1: Administration

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	100,1	94,0	78,5	103,6	109,9	–
1999 Budget	–	–	–	111,1	115,8	120,4

Programme 2: Provision of land and accommodation

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	3 708,6	2 635,3	2 407,7	3 804,5	4 029,8	–
1999 Budget	–	–	–	2 741,7	2 864,4	3 083,9

The *Provision of land and accommodation* programme manages land, buildings and structures for national departments. It acquires, constructs, rents and/or maintains land and buildings and pays local authorities for services rendered.

One of the key outputs of this programme is the management of property leases. The table below shows the breakdown of such leases for 1999/00.

Table 11.5 Properties managed by the Department 1999/00

Type of property	Number
Government-owned properties	
National	98 655
Provincial	16 034
Leased properties	5 530
Total	120 219

Provision of new fixed assets mostly occurs through projects, 2 320 of which were undertaken in 1998/99.

Table 11.6 Fixed asset projects 1998/99

Project category	Number
Under R5 million	2 106
R5 million – R50 million	198
Over R50 million	16

About 18 sustainable jobs were created for every R1 million of capital expenditure. Roughly 20 per cent of the capital works budget was awarded according to affirmative action principles. These principles enable small and emerging businesses to benefit from public sector procurement and to participate in architectural, engineering and survey work.

Amounts allocated to the *Provision of land and accommodation* programme includes acquisition and construction of buildings, rental and maintenance of official accommodation and payment of services and taxes on behalf of other national departments. In Table 11.7 a breakdown of the amount budgeted for 1999/00 is provided.

Table 11.7 Provision of land and accommodation 1999/00 (excluding erection or purchase of buildings)

Department	Amount voted on Public Works (R million)
President	5,8
Parliament	10,6
Agriculture	34,3

Arts, Culture, Science and Technology	7,5
Communications	0,3
Constitutional Development	6,4
Correctional Services	237,5
Defence	443,1
Education	26,8
Environmental Affairs and Tourism	14,8
Finance	102,6
Foreign Affairs	15,0
Government Communication Information System	8,5
Health	25,3
Home Affairs	41,0
Housing	9,9
Independent Complaints Directorate	2,1
Justice	244,8
Labour	68,3
Land Affairs	18,6
Minerals and Energy	17,9
Public Enterprises	0,3
Public Service and Administration	3,5
Public Service Commission	10,2
Public Works ¹	568,1
SA Management Development Institute	0,3
SA Police Service	526,9
Sport and Recreation	2,7
State Expenditure	9,8
Statistics South Africa	17,6
Trade and Industry	23,5
Transport	12,5
Water Affairs and Forestry	31,2
Welfare	0,2
Subtotal	2 547,9
Plus: Improvement of conditions of service	7,0
Plus: Administration	145,4
Total	2 700,3

¹ Included in this amount is payment of rates and taxes for the provinces.

State asset register

The national register of State assets facilitates the Department's management task and can unlock considerable financial resources. The register being compiled by the Department has grown from 130 000 properties in 1996 to 214 834 in January 1998. Savings of R24 million were already made in its first year through cancelling uneconomical leases.

Policy on the disabled

The Department supports the national strategy for the disabled by improving the accessibility of public buildings.

Programme 3: National Public Works Programme

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	14,3	404,0	337,4	14,5	117,8	–
1999 Budget	–	–	–	9,3	119,9	20,6

This programme promotes job creation, skills development and capacity building in the delivery of infrastructure. It also facilitates policy development aimed at transforming the construction industry. In addition, it manages the implementation of Community Based Public Works Programme (CBPWP) projects in poor areas. The table shows average outputs for each R1 million spent on the CBPWP in 1998/99.

Table 11.8 Average outputs per R1 million spent on CBPWP

Work days	25 000
Technical training days	2 200
Leadership and management training days	2 250
New assets	6

Under its emerging contractor development programme, the Department currently employs 848 contractors on contracts of less than R2 million each.

Programme 4: Auxiliary and associated services

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	13,0	13,4	11,2	11,0	9,0	–
1999 Budget	–	–	–	13,4	14,4	15,4