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# **The Department of Public Works**

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**Eastern Cape Province**

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**Strategic Plan 2005 - 2009**

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## FOREWORD

Our 2004-2009 Strategic Plan epitomizes change. It is so because it is the first strategic Plan for the department of Public Works after the proclamation of the transfer of the roads function to the Department of Transport. It is also the first plan that aligns planning to the five-year political term of office as opposed to the usual three year MTEF cycle. In many ways therefore it is indeed a plan that represents a break with the past and thus reflects, in many ways, a new set of challenges and how these will be overcome in the next five years. The key challenges are:

- Review of the organisational structure of the department with a view to creating an institutionally solid department of Public Works that will appropriately be responsive to the needs of client departments.
- Provisioning and management of state assets.
- Disposal of government assets in a manner that strengthens service delivery in all spheres of government while at the same time contributing to economic growth, and support Broad Based Black Economic Empowerment.
- Contributing to national efforts to transform the construction and property industry.
- Contribution to initiatives to address poverty and unemployment levels in the province in line with the PGDP targets through, amongst other things, the implementation of EPWP.
- Use of procurement processes to strengthen Provincial Economic growth.

Within the context of creating a new, effective, efficient, and competitive department we are also attempting to resolve a number of things within the department which, if not resolved quickly, would negatively impact on us achieving our mission. These include in the main the following:

Creating a Public Service corps dedicated to the principles of Batho Pele, motivated to serve the people with honesty, humility, and integrity.

We are mindful of the fact that the success in the implementation of this strategy will require strong interdepartmental as well as intergovernmental cooperation and coordination.

More than in any other time, this strategic plan document has filled me and indeed the entire management in the department with utmost optimism that we have ultimately been afforded with an opportunity to believe in ourselves and make a new beginning.

We believe that we have both the capacity and the will to succeed. We therefore have no doubt that we are ready to meet the challenges of a new decade of democracy and freedom boldly, creatively and efficiently.

A handwritten signature in black ink, appearing to read 'S. Kwelita', positioned above a horizontal line.

**S. Kwelita**

**Member of the Executive Council, Department of Public Works**

**Date** 15 March 2005

## **PART A:**

### **STRATEGIC OVERVIEW**

#### **1. OVERVIEW BY HEAD OF DEPARTMENT**

A policy shift occurred during the financial year, namely the transfer of the roads function to the department of Roads and Transport. The Public Works Department has furthermore been allocated the responsibility of coordinating the Expanded Public Works Programme (EPWP) provincially. The plan seeks to enhance the alignment of departmental objectives with the higher Provincial Growth and Development Plan (PGDP), EPWP and other priorities.

The most important performance targets that are set out in the plan are as follows:

- The development and implementation of the infrastructure delivery programme (the National Treasury and the Construction Industry Development Board (CIDB) will assist with this initiative).
- Meaningful collaboration with the CIDB in facilitating empowerment for contractors to enhance sustainable growth and enable their development from PDI status to becoming market leaders in the industry.
- Effective coordination of EPWP.
- Develop and manage the exit strategies for Vukuzakhe.
- Effectively utilise the supply chain management framework to promote locally produced goods and services.
- Implementation of phase 2 of the Strategic Property Partner project.
- Promote a culture of performance, reward deserving teams and create a learning organisation.
- Coordinate systematic capacity building.
- Enhanced revenue management

- Improve on internal control weaknesses through an effective internal control function.
- Develop and maintain an integrated ICT system
- Improve recruitment and retention of technical skills, implement the human resources development strategy and collaborate with institutions of higher learning.
- The development and management of the integrated human resources strategy.



DATE: 15 March 2005

**ECN MANELI**

**Acting Head of Department**

**The Department of Public Works**

**Eastern Cape Province**

## 2. VISION

The Department of Public Works that ensures the provision and management of high quality and accessible buildings infrastructure in the Eastern Cape by year 2009.

## 3. MISSION

To achieve the optimal efficiency, convenience, lifespan, economic viability, safety and appearance of any building or structure within our custodianship, by embodying the most effective, labour intensive and economic means at our disposal, while contributing to the broader government goals of job creation, poverty alleviation and fight against the HIV and AIDS pandemic.

## 4. VALUES

In carrying out the mandate, the Department of Public Works subscribes to the following set of values:

VALUES	VALUE STATEMENTS
Batho Pele principles	We will strive to prioritise people first in the delivery of services
Preservation of nature	We will, at all times, strive to observe and preserve natural resources
Preservation of heritage resources	In the execution of the departmental mandate we will strive to protect and respect all heritage resources
Employee Diversity	We will, at all times, promote and exploit the benefits presented by diverse workforce.

## **5. SECTORAL SITUATIONAL ANALYSIS**

### **5.1 Summary of service delivery environment and challenges**

#### **5.1.1 Public Works**

The department is responsible for the management and maintenance of the provincial property portfolio, provisioning of leased accommodation to line departments, management of new works projects and maintenance of new works programmes. The department is the principal implementing agent for the provisioning of the provincial buildings infrastructure and maintenance programmes.

A policy shift, which has occurred during this financial year, has been to transfer of the roads function to Transport Department. Concomitant with the transfer of roads, the shared services centre project, which was planned to be anchored within Public Works, will instead be hosted by Department of Roads and Transport.

The following table indicates the demand by various departments of the services offered by the Department of Public Works:



**Table 1: Projects to be implemented over MTEF period**

<b>Department</b>	<b>Type of project</b>	<b>Budget 2005/06, 06/07 And 07/08 (R'000)</b>
Health	Revitalisation	303,253
	Clinic revamping	331,947
	Provincial	1,060,576
	Maintenance	502,360
Education	Rehabilitation	1,454,032
	Special schools	143,522
	Capital	165,710
Social Development	New constructions	83,982
	Rehabilitation	9,470
	Other	8,246
Office of the Premier	All works	30,990
Sports, Arts and Culture	All works	55,935
Transport	Vehicle testing stations	27,756
<b>Total</b>		<b>4,177,779</b>

The vesting processes for determining ownership of state assets inherited from the previous dispensation have not been finalised. One of the key challenges is the detailed investigation of the property portfolio, valuation of these properties and the subsequent development of the asset register. A strategic property partner will be appointed to introduce best practice systems to enable the department to effectively manage the portfolio and at the same time capacitate staff within the branch. An amount of R10m has been allocated for the implementation of phase 2 of the Strategic Property Partner project. One of the objectives of this project is the development of a comprehensive asset register for immovable assets.

The Department will position itself to implement the incubator strategy, which targets the emerging affirmable businesses, as well as other transformation policies, like the Property Charter. An opportunity that can be exploited optimally for growth lies in the promotion of locally supplied building material for the construction of the projects

The following table summarise the number of Province's State Owned Buildings and parcels, leased portfolio as well as the condition of the State Owned:

**Table 2: Summary of Provinces Property Portfolio**

State Owned Portfolio	Land				Buildings	
	Number of properties	Number of vacant urban properties	Number of unutilised rural properties	Total number of hectares	Number of properties with buildings	Square meters of buildings
Whole province	24 506	1 480	5	0	23 026	0

*Source: List supplied by National Departmental of Public Works*

**Table 3: Summary of Provinces Leased Portfolio**

Leased Portfolio	Land		Buildings		Cost to government
	Number of properties leased	Total number of hectares	Number of buildings	Square meters of building	
Whole province	163	0	163	0	59 660 072.16

*Source: Supplied by National Departmental of Public Works*

**Table 4: Summary of the condition of provincial government buildings**

<b>Region</b>	<b>Average Condition of State Owned Buildings</b>	<b>Total</b>
Cacadu	Reasonable condition	294
Amatole	Medium condition	216
O.R. Tambo	Bad condition	302
Chris Hani	Medium condition	76
Alfred Nzo	Medium condition	35
<b>Total</b>		<b>923</b>

### 5.1.2 Community Based Programmes

**Table 5: Summary of the demand for and performance of Community Based Programmes**

Region	Number of unemployed people			Community based programmes			
	Female	Male	Total	No. of Projects last year	Number of person days employment created		
					No of Females	No of Males	Total person days
Cacadu	22 373	29 657	52 030	4	66	169	67 530
Amatole	165 979	157 539	323 518	94	1 700	1 035	30 967
Chris Hani	60 978	55 076	116 054	46	127	410	12 540
Ukhahlamba	22 85	19 304	42 154	45	13 844	21 736	45 580
OR Tambo	117 106	118 907	236 013	39	11 345	7 842	49 192
Alfred Nzo	40 581	41 793	82 374	30	3 072	10 500	39 600
<b>TOTAL</b>	<b>409 302</b>	<b>422 276</b>	<b>1 119 056</b>	<b>258</b>	<b>30 154</b>	<b>41 692</b>	<b>245 409</b>

## 5.2 Summary of organisational environment and challenges

The challenges exist in the areas of internal and external communications, image management, integrated information systems, scarce skills technical recruitment, management of internal controls, and skills shortages within finance, procurement, internal audit, funding of critical posts, lack of integrated information management system and effective monitoring and control systems.

The strategies for addressing the challenges will be implemented over the strategic plan period.

### 5.2.1 Strategies to make optimal use of outsourcing opportunities

Outsourcing will be opted for in situations where a costs benefit analysis study indicates that it is economical to deliver the service through the outsourced methods. Outsourcing provides an opportunity for furthering the goals of black economic empowerment. Continuous monitoring of the outsourced contract management is required to ensure that growth within the targeted sector is achieved.

The capacitation of staff (in terms of skills) has been included as deliverables within the contracts of the Strategic Property Partner and the Buildings Maintenance Programme.

### 5.2.2 Strategies to transform the department's procurement in favour of SMME's and PDI's

The Supply Chain Management framework will be utilised to enhance the procurement process. Through the emerging contractor development programme, contractors are categorised in terms of delivery capabilities while their growth is promoted through mentoring programme.

Currently the memorandum of understanding, which relates to bridging finance for the contractors, has been entered into with ABSA, IDC and FNB. The plan is to involve other state institutions such as ECDC to arrange for the bridging finance as well as providing guarantees.

**Table 6: Summary of post vacancies and supernumeries (Note: This table includes data for the Department of Roads and Public Works)**

Staff Categories	Number			Average Annual change
	2001 / 02	2002 / 03	2003 / 04	
Total staff complement	6 406	5 871	5 450	-478
Number of professional and managerial posts	357	621	607	125
Number of professional and managerial posts filled	52	144	213	81
Number of excess staff	2 393	1 330	998	-698

**Table 7: Personnel expenditure (Note: This table includes data for the Department of Roads and Public Works)**

Category of expenditure	Percentages		
	2001 / 02	2002 / 03	2003 / 04
Personnel expenditure as % of total expenditure	38.5%	23.9%%	22.9%
Non-personnel expenditure as % of total expenditure	61.5%	76.1%	77.1%
<b>Total %</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Table 8: Expenditure per programme (Note: This table includes data for the Department of Roads and Public Works)**

Category of expenditure	Rands (000's)		
	2001 / 02	2002 / 03	2003 / 04
Programme 1: Administration	66,601	127,547	150,667
Programme 2: Buildings	157,161	161,980	207,200
Programme 3: Roads	703,402	1,314,658	1,431,169
Programme 4: Public Works Programme	6,651	8,600	58,347
Programme 5: Risk Management	13,742	14,561	17,567
Programme 6: Property Management	94,100	100,479	115,804
<b>Total</b>	<b>1,041,657</b>	<b>1,727,825</b>	<b>1,980,754</b>

## **6. LEGISLATIVE AND OTHER MANDATES**

- ◆ Constitution of the Republic of South Africa (Act 108/1996)
- ◆ State land disposal Act (Act 48/1961)
- ◆ General Law Amendment Act (Act 102/1972)
- ◆ Construction Industry Development Board Act (Act 43/2000)
- ◆ Preferential Procurement Policy Framework
- ◆ Division of Revenue Act
- ◆ Supply Chain Management Framework
- ◆ Labour Relations Act (Act 66/1995)
- ◆ Employment Equity Act (Act 55/1998)
- ◆ Basic Conditions of Employment Act (Act 75/1997)
- ◆ Skills Development Act, (Act 97/1998)
- ◆ Promotion of Access to Information Act, 2001
- ◆ Public Service Act , 1994
- ◆ Occupational Health and Safety Act
- ◆ Promotion of Administrative Justice Act
- ◆ National Archives Act

## **7. BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS**

### **7.1 Broad Policies**

- ◆ The Constitution of the Republic of South Africa (Act 61 of 2003)
- ◆ Policy Speech 2004/05.
- ◆ Basic conditions of Employment Act (Act 75/1997).
- ◆ Skills Development Act (Act 5/1999).
- ◆ Public Service Act.
- ◆ Public Service Regulations 2001.
- ◆ Expanded Public Works Programme.
- ◆ Asset management framework.
- ◆ Construction Industry Supply Chain Management.
- ◆ Skills Levy Act.
- ◆ Public sector transformation.
- ◆ Broad Economic Empowerment (BEE framework).
- ◆ Construction Industry Transformation.
- ◆ Minimum Information Security Standards (MISS).
- ◆ Performance Management Development System.
- ◆ Preferential Procurement Framework (PPPFA).



## **7.2 Priorities for the next five years**

- ◆ Implementation of the Strategic Property Partner Phase II project.
- ◆ Development of an asset register for immovable properties.
- ◆ Development of the maintenance plan.
- ◆ Maintenance of developed processes, policies and systems relating to the property management portfolio.
- ◆ Effective co-ordination of EPWP.
- ◆ Maximise job creation through EPWP programme.
- ◆ Development of infrastructure plans for the Department and assist client Departments to develop the plans.
- ◆ Building office complex / initiate PPP process for Bhisho office complex.
- ◆ Implementation of contractors' development programme.
- ◆ Provide capacity building programmes to enhance service delivery.
- ◆ Implementation of the HRD policy for attracting and retaining critical skills.
- ◆ To develop customer services centres for each region and Head Office.
- ◆ Manage the risk management plan.
- ◆ Implement and manage employee wellness programme.
- ◆ Develop and manage revised HR plan.
- ◆ Develop and manage the revised EE plan.
- ◆ Development of the exit strategy for Vukuzakhe project.
- ◆ Develop internal and external capacity for the implementation and effective co-ordination of the EPWP.
- ◆ Facilitate finalisation of vesting process.
- ◆ Building of capacity skills.

- ◆ Strengthen relationships with client departments.
- ◆ Improve on the prestige facilities management.
- ◆ Contractor development and rollout of Sakhasonke programme.
- ◆ Build a cadre of skilled artisans in areas of scarce skills within the built environment sector.
- ◆ Identification and disposal of redundant properties
- ◆ Strengthen collaboration with local sphere of government
- ◆ Develop, implement and manage the Property Charter
- ◆ Effective document management
- ◆ Develop and implement service delivery improvement programme

### **7.3 Departmental Strategic Goals**

#### **Strategic Goal 1**

To construct, maintain and manage all provincially owned state properties in a manner that ensures their prolonged lifespan and extension of economic opportunities such that previous disadvantaged individuals benefit in the process.

#### **Strategic Goal 2**

To contribute to the transformation of the construction and property industries to ensure economic growth and development through regulation, capacity building and creation of business opportunities for previously disadvantaged individuals.

#### **Strategic Goal 3**

To improve service delivery within the department through conducting a comprehensive client needs assessment, developing and implementing a Service Delivery Improvement Plan.

#### **Strategic Goal 4**

To promote Black Economic Empowerment (BEE) in the procurement of goods and services, assets and property acquisition and disposal.

#### **Strategic Goal 5**

To contribute to poverty alleviation and job creation by implementing government policies relating to skills development, labour-intensive methods of service delivery, affirmative procurement and employment practices.

#### **Strategic Goal 6**

To maintain good corporate governance by ensuring department compliance with government policies and regulations.

## 8. INFORMATION SYSTEMS TO MONITOR PROGRESS

**Table 9: Information Systems to monitor progress**

<b><u>System Type</u></b>	<b><u>Application</u></b>	<b><u>Utility</u></b>
Financial	<b>BAS</b>	Processing of Payments Processing of Revenue Monitoring of Expenditure and revenue
Procurement	<b>LOGIS</b>	Procurement activities
Human Resources	<b>PERSAL</b>	Human Resource and Payroll management
Capital Projects	<b>MANAGEMENT INFORMATION SYSTEM MIS : Web Enabled Reporting System</b>	

**Table 10: Supporting programmes**

<b>Programmes</b>	<b>Utility</b>
<b>Pastel Accounting</b>	For Debtors Management
<b>Access Database</b>	Creditors Management Management Commitments
<b>IQUAL</b>	Management of Supplier Database
<b>Vulindlela</b>	For Reporting and consolidation of financial information in the various transversal systems

In support of the Geographic Information System (GIS), the Department will be devising a Monitoring and Evaluation System (MES) for all programmes.

## **9. DESCRIPTION OF STRATEGIC PLANNING PROCESS**

A process for the preparation of the main strategic planning session was set. Each branch had to conduct a session that entailed evaluation of the performance and strategies and planning for the next five years. The various plans were consolidated and presented at the initial departmental session, which was held during October 2004.

Out of presentations, deliberations and discussions with the management team (including the MEC and HOD) a draft strategic plan document was compiled. The plan was later reviewed at the strategic planning session held during February 2005.

In addition, national and local planning documents that informed the strategic planning process include, amongst others:

The Batho Pele White Paper;

Integrated Development Plans of the various Municipalities;

Provincial Spatial Development Strategy;

Provincial Growth and Development Plan;

The National Expanded Public Works Programme;

The Youth Development Programme;

The Provincial HIV/AIDS Programme and policy.

## **PART B: BUDGET PROGRAMME AND SUB-PROGRAMME PLANS**

### **10. OVERALL PROGRAMME STRUCTURE**

The programmes are structured as follows:

**Table 11: Programme structure**

<b>Programme</b>	<b>Sub-Programme</b>
1. Administration	1.1 Office of the MEC 1.2 Management 1.3 Corporate Services
2. Public Works	2.1 Property Management 2.2 Building Maintenance 2.3 New Works
3. Public Works Programme	3.1 CBPWP 3.2 Monitoring and Evaluation 3.3 Construction Industry Development Programme

## **11. Programme 1: ADMINISTRATION**

The programme is responsible for providing strategic leadership and overall management as well as support functions to the entire organisation.

### **11.1 Situational analysis**

As a result of the transfer of the roads function from the Department of Public Works to the Roads and Transport Department, the programme has been involved in the processes of managing the transfer of assets and liabilities in terms of the PFMA. The stakeholders, including the labour organisations, have been consulted in the transfer process. The transfer of support staff to the Department of Roads and Transport will be finalised during the 2005 / 06 financial year. The number of excess employees has decreased due to absorptions within the Department of Education. It is envisaged that the majority of the remaining excess employees will be transferred to the Department of Roads and Transport. The Department of Public Works will absorb excess staff that still remain either internally or transfer them to other departments within the province.

Significant improvements have been achieved in the areas of revenue management, asset management, creditors' reconciliation and debtors' management and the payment period has been decreased to 40 days. The final exit strategy for the Back Office Project will be implemented during late March 2005, whereupon critical posts of rebates, revenue and supply chain management will have been filled. The internal audit committee has been appointed and the fraud and corruption hotline has been established and is being managed so as to enhance effectiveness of the risk management, within the Department. Although the internal audit unit's posts are not filled currently, it is anticipated that they will be filled during early April 2005.

The existing management information system is archaic and unavailability of funding made it impossible to develop an integrated management information system. The required funding has not been available for filling of critical posts in the areas of communication, regional posts for finance, corporate services, and information technology. Weaknesses exist in the management of communication, internally and externally, internal controls and the inability to recruit critical skills of buildings technical professions.

A challenge for the department is to develop and implement the integrated HIV / AIDS plan. Youth development, elderly care and the empowerment of women are the areas that the department intends to continue prioritising.

## **11.2 Policies**

Policies and procedure manuals have been developed in the following areas and are being implemented and monitored for effectiveness:

- HR policies and delegations
- Financial policies and delegations
- Accounting policies
- Supply chain management policies
- Document management policy
- Affirmative Action Policy
- Public Service Regulations
- Treasury Regulations
- HIV and AIDS

## **11.3 Priorities**

- Ensure effective and efficient Human Resources Management
- Implement HRD strategy
- Forge relations with institutions of higher learning
- Identify and implement focussed learnership and internship programmes
- Management of excess staff, facilitate transfers and redeployment
- Transfer of support services staff to the Department of Roads and Transport



- Performance Management and Development
- Personnel records management
- Management of recruitment and retention
- Create integrated wellness management
- Implement team performance reward policy
- Create a culture of performance management
- Development of an organisational structure
- Development of customer care centres
- Development of integrated wellness programme
- Development of an EE strategy
- Development of an HR plan
- Ensure effective implementation of SPU programmes / projects in all Departmental programmes
- Upgrade of network / server infrastructure
- Human capital within component
- Integration of all ICT systems within dept
- Develop effective and efficient communication strategy
- Effective document management
- Internal control
- Supply chain mgmt

- Revenue collection
- Tender process
- Payments
- Improve revenue collection and management
- Management of internal audit function
- Pay point management
- Clearance of management letter
- Clean audit report

## 11.4 Strategic Objectives

**Table 12: Strategic objectives for programme 1**

**STRATEGIC GOAL 1:**

To improve service delivery within the department through conducting a comprehensive client needs assessment, developing and implementing a Service Delivery Improvement Plan.

**STRATEGIC OBJECTIVE 1:**

To provide guidance and strategic leadership in fulfilling departmental goals as informed by provincial priorities and plans.

**STRATEGIC GOAL 2:**

To maintain a high standard of corporate governance by ensuring departmental compliance with government policies and regulations.

**STRATEGIC OBJECTIVE 1:**

To provide departmental support in respect of continuous research, planning, strategy development and the implementation thereof.

## 11.5 Analysis of constraints and measures planned to overcome them

ANALYSIS OF CONSTRAINTS	MEASURES PLANNED TO OVERCOME CONSTRAINTS
Absence of back up systems when BAS / Logis is non-operational.	Improvement in the management of IT systems within the Department.
Vacant critical posts within the components of revenue management, rebates, geographic information systems, supply chain management, IT, finance, and HR and fleet management.	Filling of posts and implementation of the final stages of the exit strategies.
Programme inadequately funded over years.	Motivate for adequate funding for implementing key strategies in critical areas on a phased approach.
Absence of electronic document management system.	Motivate for the necessary funding for implementing the EDMS.
Fragmented management information system.	Integrated management information systems. Greater involvement of ICT unit in integration of systems.
Lack of appropriately skilled personnel.	Address through the development of skills plans and capacitation, evaluate effectiveness. Collaborate with institutions of higher learning; retain bursars; staff recruitment and retention policy. Phased approach to fill posts over MTEF.
Department not ready to manage staff losses due to HIV / AIDS.	Develop strategy and integrate in HR plans.
Image management.	Fill the posts of communication and capacitate customer care centre.
Number of excess staff	Internal absorptions in line with new Public Works organogramme
Leases unknown	Debtors management system
Youth development	Youth to be developed through learnerships, bursaries and internships
Poor customer service	Customer care centres established as an interim measure, but focus should be on improved service delivery
Lack of employee records	Properly staff HR registries

## 11.6 Reconciliation of budget with plan

During the 2003/04 and 2004/05 financial years, Programme 1 experienced cost pressures, which has affected the expenditure trends. These were mainly due to IMT Projects meant to clear prior year internal control systems backlogs and develop and maintain proper systems of internal control. It is envisaged that this pressure will, to a certain extent, ease off in the 2005/06 financial year, except due to unavoidable subsequent payments. In addition, in order for the department to ensure sustainability of the IMT Projects beyond the 2004 / 05 financial year, critical posts will be filled, which will affect have an increase in personnel expenditure and a corresponding decrease in consultancy services.

**Table 13: Nominal Expenditure for Programme 1**

Programme 1: Administration	Year – 2 (2002/03)	Year - 1 (2003/04)	Base year (2004/05)	Nominal average annual change (%) <sup>1</sup>	Year 1 (2005/06)	Year 2 (MTEF) 2006/07	Year 3 (MTEF) 2007/08	Nominal average annual change (%) <sup>2</sup>
1.1. Office of the MEC	0	2,272	3,209	N/A	4,847	3,750	4,102	NIL
1.2. Management	79,748	99,158	76,503	41,2	76,401	83,120	90,891	8,5
1.3. Programme support								
1.4. Corporate Services	62,360	66,804	93,399	-22,8	46,050	45,061	48,888	5,9
<b>Total programme 1 :</b>	<b>142,108</b>	<b>168,234</b>	<b>173,111</b>	<b>-21,4</b>	<b>127,298</b>	<b>131,931</b>	<b>143,881</b>	<b>6,0</b>

**Table 14: Real Expenditure for Programme 1**

Programme 1: Administration	Year – 2 (2002/03)	Year - 1 (2003/04)	Base year (2004/05)	Real annual change (%) <sup>1</sup>	Year 1 (2005/06)	Year 2 (MTEF) 2006/07	Year 3 (MTEF) 2007/08	Real average annual change (%) <sup>2</sup>
1.1. Office of the MEC	0	2,153	3,079	NIL	4,651	3,562	3,895	NIL
1.2. Management	72,609	93,960	73,405	35,5	73,319	78,953	86,297	3,4
1.3. Programme support								
1.4. Corporate Support	56,777	63,302	89,617	-26	44,192	42,802	46,417	0,09
<b>Total programme 1:</b>	<b>129,386</b>	<b>159,415</b>	<b>166,101</b>	<b>-24,6</b>	<b>122,162</b>	<b>125,317</b>	<b>136,609</b>	<b>1,0</b>

1. Average annual change between year -2 and base year.

2. Projected average annual change between base year and year 3.

3. Real expenditure = nominal expenditure deflated by the average annual inflation rate as measured by the Consumer Price Index (CPI). CPI figures should be obtained from STATS SA.

## 12. Programme 2: PUBLIC WORKS

The programme is responsible to supply and maintain buildings infrastructure to all provincial government departments.

### 12.1 Situational analysis

The absence of an asset register has created difficulties in the management of properties. The programme will, however, be obtaining the assistance of a Strategic Property Partner to address shortcomings.

The vesting process, which facilitates the determination of state property ownership, is not yet finalised. The programme is experiencing shortages of skilled personnel amongst the ranks of professional and technical staff.

The programme has embarked on a project of assessing the condition of government buildings and the information gathered will be used as a basis for the development of a comprehensive five-year maintenance plan. This plan will be used as a basis to clear the maintenance backlog. Strategically, the programme will be embarking on the Building Maintenance Unit Programme, which entails obtaining management contracts to improve service delivery.

Progress has been achieved in managing the client departments' needs in terms of property development. The planned development of service level agreements will improve the delivery of the unit.

**Table 15: The Province's Property Portfolio by Department**

Department	Number of Properties	Number of vacant urban properties	Number of Properties with Buildings
Education	14 992	-	14 992
Environmental Affairs	170	-	170
Health	5 336	-	5 336
Treasury	2	-	2
Local Government	1 312	-	1 312
Public Works	5470	-	5470
PSC	4	-	4
Social Development	31	-	31

<b>Department</b>	<b>Number of Properties</b>	<b>Number of vacant urban properties</b>	<b>Number of Properties with Buildings</b>
Safety and Security	12	-	12
Unutilized	5	-	5
Agriculture	527	-	527
Sport Art and Culture	43	-	43
Provincial	1 480	1 480	0
<b>TOTAL</b>	<b>29 384</b>	<b>1 480</b>	<b>27 904</b>

*The information regarding the number of vacant urban properties will be available by July 2005 when the condition assessment and property verification project is complete*

**Table 16: The Province's Leased Portfolio by Department**

<b>Leased Portfolio</b>	<b>Land</b>	<b>Buildings</b>	<b>Cost to Government per Year (R)</b>
Transport	7	7	9,596,929.32
Sport	6	6	5,266,317.60
Social Development	7	7	5,469,293.88
Public Works	1	1	1,890,784.08
Local Government	4	4	3,916,502.64
Health	4	4	574,997.64
Education	24	24	25,858,041.00
Agriculture	13	13	6,528,169.56
Environmental Affairs	4	4	559,036.44
Youth Commission	1	1	609,876.60
<b>TOTALS</b>	<b>71</b>	<b>71</b>	<b>60,269,948.16</b>

**Table 17: The conditions of government buildings by Department**

<b>Region</b>	<b>Average Condition of State Owned Buildings</b>	<b>Total</b>
Cacadu	Reasonable condition	294
Amatole	Medium condition	216
O.R. Tambo	Bad condition	302
Chris Hani	Medium condition	76
Alfred Nzo	Medium condition	35
<b>Total</b>		<b>923</b>



**Table 18: The demand of new space by Department**

<b>DEPARTMENT</b>	<b>AREA LEASED (M²)</b>	<b>SHORT FALL (M²)</b>
Treasury	4 143.237	3293.713
Health	4 229.02	13197.98
Local Government	2 845.03	6080.233
Agriculture	1 944.08	5640.92
Social Development	2 458.737	3072.763
DRPW	4 176.01	7422.49
Transport	3154.84	5448.66
Youth	189.50	273
Economic Affairs	3 251.49	2335.51
Security	482.90	1200.6
Sports Arts	13 600.00	0
<b>TOTAL</b>	<b>40 474.844</b>	<b>47 965.869</b>

## **12.2 Policies, priorities and strategic objectives**

### **a. Policies**

- Norms and standards for government offices
- P.W. 371.
- Asset management framework.
- Standard building regulations

**Table 19: Strategic objectives for programme 2**

**STRATEGIC GOAL 1**

- To improve service delivery within the department through conducting a comprehensive client needs assessment, developing and implementing a Service Delivery Improvement Plan.

**STRATEGIC OBJECTIVES**

- To establish and maintain a multi-departmental district government office in all the regions.
- To exercise custodial responsibilities in order to provide for the accommodation needs of provincial government departments/institutions in the most economic, efficient and effective manner.
- To develop and adapt norms and standards for implementation provincially.

**STRATEGIC GOAL 2**

- To promote Black Economic Empowerment (BEE) in the procurement of goods and services, assets and property acquisition and disposal.

**STRATEGIC OBJECTIVES**

- To channel financial and other resources on construction, maintenance, and facilities management to promote BEE.
- To develop a Provincial Property Charter to influence ownership patterns in the property industry.

**STRATEGIC GOAL 3**

- To contribute to poverty alleviation and job creation by implementing government policies relating to skills development, labour intensive methods of services delivery, affirmative procurement and employment practices

**STRATEGIC OBJECTIVES**

- To expand Vukuzakhe maintenance system to include building maintenance such as schools, hospitals and clinics.
- To achieve EPWP goals using maintenance budget.

#### **STRATEGIC GOAL 4**

- To maintain good Corporate Governance by ensuring departmental compliance with government policies and regulations

#### **STRATEGIC OBJECTIVES**

- To establish and maintain asset management system for immovable assets.
- To comply with all applicable legislations

#### **STRATEGIC GOAL 5**

- To construct, maintain and manage all provincially owned state properties in a manner that ensures their prolonged lifespan and extension of economic opportunities such that previous disadvantaged individuals benefit in the process.

#### **STRATEGIC OBJECTIVES**

- To manage all provincially owned state properties.
  - To implement the building maintenance programme.
- To provide planning, construction and monitoring services to client departments.

### **12.3 Analysis of constraints and measures planned to overcome them**

<b>ANALYSIS OF CONSTRAINTS</b>	<b>MEASURES PLANNED TO OVERCOME CONSTRAINTS</b>
Staff shortages amongst professional and technical staff	Systematic funding and filling of critical posts
Skills shortages	Structured skills development interventions
Lack of service level agreements (SLA's) with client department	Signing of SLA's with client departments

**Table 20: The Maintenance Backlog**

Client	Estimated number of buildings in poor or very poor condition	Estimated expenditure required to prevent further deterioration	Estimated expenditure required to bring buildings to good condition
Public Works	923	R70 million per year	R350m for a 5 year plan only

#### 12.4 Description of planned quality improvement measures

The property industry norms and standards will be internalised within the department through the handholding mechanisms of the strategic property partner. The department is involved in the rapid recruitment of personnel to fill the vacancies on critical posts.

#### 12.5 Reconciliation of budget with plan

**Table 21: Nominal Expenditure on Programme 2**

Programme 2: Public Works	Year 1 (actual) 2002/03	Year 2 (actual) 2003/04	Year 3 Base year (Estimated Actual) 2004/05	Year 4 (budget) 2005/06	Year 5 (MTEF projection) 2006/07	Year 6 (MTEF projection) 2007/08
2.1 Programme support office						
2.2 Property Management	100,479	115,654	104,934	125,692	125,869	141,538
2.3 Building Maintenance	153,708	200,579	188,350	191,735	203,599	236,103
2.4 New-Works Support	8,272	6,621	5,785	4,922	4,690	5,232
2.5 Security				12,059	13,119	14,347
<b>Total Programme 2:</b>	262,459	322,854	299,069	334,408	347,277	397,220

## **12.5 Sub-programme 2.1: Property Management**

The programme is responsible for managing all Provincial Government properties and providing of office space to all Departments.

### **12.5.1 Situation analysis**

Currently, there is no asset register in existence. Among other things, the vesting process, which facilitates the determination of state property is not yet finalised. Performance of this activity would mean that a property is correctly registered in the name of the Provincial Government and therefore ready to be included in the asset register. A status quo assessment in the form of a scoping study for the sub-programme has been completed. One of the findings of this study is that in order to manage effectively, the processes and policies need to be developed in all areas of property management, and the asset register complying with the accrual accounting requirement be developed as well.

The programme is experiencing shortages of skilled personnel. Planning for phase II of the Strategic Property Partner has been finalised and it is envisaged that the implementation of the project will begin in April 2005. Despite the absence of the asset register the Province has on record the property portfolio as indicated in the table below:

**Table 22: The Province's Property Portfolio by Department**

<b>Department</b>	<b>Number of Properties</b>	<b>Number of vacant urban properties</b>	<b>Number of Properties with Buildings</b>
Education	14 992	-	14 992
Environmental Affairs	170	-	170
Health	5 336	-	5 336
Treasury	2	-	2
Local Government	1 312	-	1 312
Public Works	5470	-	5470
PSC	4	-	4
Social Development	31	-	31
Safety and Security	12	-	12
Unutilized	5	-	5
Agriculture	527	-	527
Sport Art and Culture	43	-	43
Provincial	1 480	1 480	0
<b>TOTAL</b>	<b>29 384</b>	<b>1 480</b>	<b>27 904</b>

*The information regarding the number of vacant urban properties will be available by July 2005 when the condition assessment and property verification project is complete*

Most of the properties owned by the Provincial Government cannot possibly be used for office accommodation purposes. The Department therefore has to solicit space for this purpose from the private sector. The following is a table depicting properties leased on behalf of the Government.

**Table 23: The Province's Leased Portfolio by Department**

Leased Portfolio	Land	Buildings	Cost to Government per Year (R)
Transport	7	7	9,596,929.32
Sport	6	6	5,266,317.60
Social Development	7	7	5,469,293.88
Public Works	1	1	1,890,784.08
Local Government	4	4	3,916,502.64
Health	4	4	574,997.64
Education	24	24	25,858,041.00
Agriculture	13	13	6,528,169.56
Environmental Affairs	4	4	559,036.44
Youth Commission	1	1	609,876.60
<b>TOTALS</b>	<b>71</b>	<b>71</b>	<b>60,269,948.16</b>

A study undertaken recently to determine need for office space particularly at head office has revealed that there is major shortages of space for all Departments. Demand for office space within the next three years is as indicated in the table below:

**Table 24: The demand for new space by Department**

DEPARTMENT	AREA LEASED (M²)	SHORT FALL (M²)
Treasury	4 143.237	3293.713
Health	4 229.02	13197.98
Local Government	2 845.03	6080.233
Agriculture	1 944.08	5640.92
Social Development	2 458.737	3072.763
DRPW	4 176.01	7422.49
Transport	3154.84	5448.66
Youth	189.50	273
Economic Affairs	3 251.49	2335.51
Security	482.90	1200.6
Sports Arts	13 600.00	0
<b>TOTAL</b>	<b>40 474.844</b>	<b>47 965.869</b>

### 12.5.2 Policies

- Building regulations as well as Norms for Provision of Office space in the Civil Service are adhered to both in construction and allocation of office accommodation.

### 12.5.3 Priorities

- Implementation of the Strategic Property Partner Project.
- Capacitating personnel in property management.
- Development of sound property management policies.
- Development of asset register.
- Implementation of space optimisation plans.
- Investigate processes for PPP process for space provision.
- Identification of properties for disposal and manage disposal process
- Develop and implement a Provincial property charter.
- Implementation of district development process.

### 12.5.4 Analysis of constraints and measures planned to overcome them

ANALYSIS OF CONSTRAINTS	MEASURES PLANNED TO OVERCOME CONSTRAINTS
Staff shortages amongst professional and technical staff	Systematic funding and filling of critical posts
Skills shortages	Structured skills development interventions
Inadequate space for various clients departments.	Space optimisation and PPP process.
Inadequate lease management	Investigation of SPP intervention and staff capacitation



**12.5.5 Table 25: Specification of measurable objectives and performance indicators**

Measurable Objective	Performance Measure or Indicator	Year 1 03/04		Base year (estimate) 04/05		Year 1 (target) 05/06	Year 2 (target) 06/07	Year 3 (target) 07/08	Year 4 (target) 08/09	Year 5 (target) 09/10
		(target)	(actual)	(target)	(actual)					
<b>Input one</b>										
Management of all properties leased on behalf of client departments	Ensure that all leased properties have legally plausible agreements	50%	10%	100%	10%	20%	40%	60%	80%	100%
<b>Process</b> -Procurement of space  -Signing of lease agreement  Payment of rental  Monitoring all management aspects such as termination and rent escalation dates	Space secured within three months of receipt of request  Within one month of procurement approval  By the 15th of the month preceding the month for which rent is due  Ensure appropriate notices are sent out as per individual agreements									
<b>Output</b> Number of month-to-month agreements terminated  Number of new agreements entered into  Number of agreements captured on the electronic based property management system	36  Determined by need and funds availability  65	100	132	80	55	10   65	10  -	16  -	-  -	-  -

Measurable Objective	Performance Measure or Indicator	Year 1 03/04		Base year (estimate) 04/05		Year 1 (target) 05/06	Year 2 (target) 06/07	Year 3 (target) 07/08	Year 4 (target) 08/09	Year 5 (target) 09/10
		(target)	(actual)	(target)	(actual)					
<b>Outcome</b> Number of legally authentic lease agreements managed by the Department	100%	50%	10%	100%	50%	20%	40%	60%	80%	100%
<b>Input two</b> Reduction of leased space and increasing use of government owned properties	Ensure a reduction of leased properties from 65 to 30 over the five year period	100 leases	197 leases	80 leases	65 leases	50	45	40	35	30

Measurable Objective	Performance Measure or Indicator	Year 1 03/04		Base year (estimate) 04/05		Year 1 (target) 05/06	Year 2 (target) 06/07	Year 3 (target) 07/08	Year 4 (target) 08/09	Year 5 (target) 09/10
		(target)	(actual)	(target)	(actual)					
<b>Process</b> Identify under- utilised buildings Negotiate movement of personnel to other located premises Negotiate termination of those leases	Terminations shall be effected on all 10 identified premises	No baseline	No baseline	0	10	4	4	2	-	-
<b>Output</b>	The Dept to have a maximum of 30 leases in its portfolio	100 leases	197 leases	80 leases	65 leases	-	-	-	-	-
<b>Outcome</b>	30 leases									
<b>Input Three</b> Establish and maintain an asset management system for all immovable assets	All operations of property management to be fully electronic based on a property management soft ware by 2009-2010	No baseline	-	No baseline	-	80%	85%	90%	95%	100%
<b>Outcome</b>	Electronically based processes completed by 2009-2010									
<b>Input four</b> Management of all known properties in a manner that ensures their prolonged lifespan.	To have a fully operational asset register by 2010	10%	10%	20%	20%	40%	60%	80%	90%	100%



Measurable Objective	Performance Measure or Indicator	Year 1 03/04		Base year (estimate) 04/05		Year 1 (target) 05/06	Year 2 (target) 06/07	Year 3 (target) 07/08	Year 4 (target) 08/09	Year 5 (target) 09/10
		(target)	(actual)	(target)	(actual)					
- Renting  -Establishment in existing buildings	6 properties	10	14	8	14	10	10	8	7	6
	Ensure that departments are settled in 8 centres	5	1	4	5	-	4	4	-	-
<b>Input six</b> Ensure speedy payments and reconciliation of municipal services accounts	All accounts to be paid within 7 days of receipt	14 days	More than 30 days	7 days	20 days	14 days	10 days	7 days	7 days	7 days
<b>Output seven</b>  Develop a Provincial Property Charter to influence ownership patterns in the property industry	To be completed by the 2007-2008 financial year	No baseline	No baseline	No baseline	No baseline	20%	30%	50%	-	-
<b>Output eight</b> ▪ Capacitate and train personnel for adoption of best property management practises in all spheres of their work	- Ensure that additional personnel are appointed to fill critical posts	5	-	5	2	4	5	5	5	5
	- Ensure that training of all personnel is undertaken through the strategic property partner	No baseline	No baseline	10	1	10	5	5	5	5

## **12.6 Sub-programme 2.2: Building Maintenance**

This programme is responsible for the maintenance of all provincially owned government properties.

### **12.6.1 Situational analysis**

The programme has embarked on a project of assessing the condition of about 928 government buildings. It is envisaged that the project will be finalised during September 2005. The information gathered through the process will be used as a basis for the development of a comprehensive five-year maintenance plan.

The Provincial Government owns a large number of buildings that have a maintenance backlog. According to the scoping study, the estimate budget for implementing maintenance on the infrastructure is approximately R350m. Over the past years, the Department has not been able to fund the maintenance backlog due to lack of budgets. Planning is finalised for implementing the Building Maintenance Unit Programme for improving on the delivery of in house units. The programme has got some in house maintenance units, but due to lack of budgets, and limited capacity, the units have not been functioning effectively. Shortages in experienced technical staff have been experienced too.

### **12.6.2 Policies**

The following policies are utilised:

- P.W. 371.
- Asset management framework.
- Standard building regulations.

### **12.6.3 Priorities**

- Finalisation of the condition assessment project.
- Development of a 5-year maintenance plan.
- Implementation of the Building Maintenance Units Projects (B.M.U.P.).

- Development of repair and maintenance programme (RAMP) to address maintenance of government buildings.
- Improved management of prestige facilities.
- Implement security installations at MEC's premises.

#### 12.6.4 Analysis of constraints and measures planned to overcome them

ANALYSIS OF CONSTRAINTS	MEASURES PLANNED TO OVERCOME CONSTRAINTS
Delays in the development of the maintenance plan, since the plan is sequential upon the asset register.	Asset register will be developed through the implementation of the Strategic Property Partner Phase II.
Staff shortages amongst professional and technical staff	Staff shortages to be addressed through headhunting method, phased approach for filling in the posts, when funding becomes available, and implementation of the HRD policy.
Ineffective in-house maintenance teams.	Implementation of the Buildings Maintenance Unit Programme and capacitation of the units.

**12.6.5 Table 26: Sub-programme 2.2: Building Maintenance: Specification of measurable objectives and performance indicators**

Measurable Objectives	Performance Measure or Indicator	Year 2003/04		Base year 2004/05 (estimate)		Year 2005/06 (target)	Year 2006/07 (target)	Year 2007/08 (target)
		(target)	(actual)					
<b>Process</b>								
Number of professional posts vacant	285				60	84	90	51
Percentage of buildings in portfolio with maintenance schedule	Percentage	60%	60%	60%	60%	60%	60%	70%
<b>Output</b>								
Maintenance projects clustered	Actual number	245	245	220	220	220	220	220
<b>Quality</b>								
Service level agreements in place for lifts, A/C etc	% of total	100%	100%	100%	100%	100%	100%	100%
<b>Efficiency</b>								
Maintenance expenditure as % of the value of the portfolio	%	0,5%	0,5%	2,5%	2,5%	2,5%	2,5%	2,5%
<b>Outcome</b>								
% of buildings in good or very good condition	Percentage	1%	1%	15%	15%	26%	35%	40%
% of building in poor or very poor condition	Percentage	99%	99%	85%	85%	74%	65%	60%

## 12.7 Sub-programme 2.3: New Works

This programme is responsible for the construction of provincial government buildings.

### 12.7.1 Situation analysis

The programme plays a key role of implementing and managing the new works projects for user departments. Despite shortages of professional staff, progress has been achieved in managing the client departments' projects. Currently there are no service level agreements for managing the delivery standards and relationships between the Department and the client departments.

### 12.7.2 Policies

- P.W. 371.
- Standard building regulations.



### 12.7.3 Priorities

Implementation of the following to client departments' projects:

- Revitalisation projects for Health
- Clinic revamping
- Health general projects
- Rehabilitation projects for Health
- Special schools for Education
- Capital projects for Education
- Rehabilitation projects for Social Welfare
- Vehicle testing station for Department of Transport

### 12.7.4 Analysis of constraints and measures planned to overcome them

ANALYSIS OF CONSTRAINTS	MEASURES PLANNED TO OVERCOME CONSTRAINTS
The staffing of and skills within the programme is inadequate for managing the client departments' projects.	Implementation of HRD policy and recruiting the technical personnel on a phased approach when funds become available.
Lack of service level agreements for managing the relationships with client departments.	Development and maintenance of service level agreements.
Ineffective in-house teams.	Capacitation of the units.

**12.7.5 Table 27: Sub-programme 2.3: Buildings New Works: Specification of measurable objectives and performance indicators**

Measurable objective	Input	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
Education	Manage the implementation of Education infrastructure requirements as per their schedules  EPWP 70 Projects  & Rehabilitation Projects	Budget Value			R 342,637	R224,234	R 191,025	R 577,552	R 685,455
	Special Needs and FET colleges	Budget Value			R62,152	R 34,823	R 40,990	R47,570	R 54,950
	Capital projects	Budget Value			R160,152	R 10,913	R 51,601	R 44,108	R 70,00
Health	Manage the implementation of Health infrastructure requirements as per their schedules Revitalization Program	Budget Value			R511,800	R75,000	R 117,413	R 114,290	R 41.55
	Provincial Projects	Budget Value				R266,000	R 193.097	R 421.068	R 443.412
	Clinic program	Budget Value				R77,000	R 157.732	R 71.166	R 102.550
	District Provincial Hospitals Maintenance Program	Budget Value					R 110.000	R 170.160	R 222.100

Measurable objective	Input	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
Social Development	Manage the implementation of Social Development infrastructure requirements as per their schedules New Construction	Budget Value			R6,957	R6,200	R 6.200	R26,140	R20,640
	Rehabilitation	Budget Value					R 8.070	R1,400	
	Other Projects	Budget Value					R 1.446	R3,600	R3,200
Transport	Manage the implementation of Transport infrastructure requirements as per their schedules	Vehicle Testing Station					R 6.447		
	4 Building renovation projects	Budget Value					R 1,200		
Sport Recreation Arts & Culture	Manage the implementation of DSRAC infrastructure requirements as per their schedules  Completion of current program 6 projects.  New Arts centre Mt.Ayliff	Budget Value			R26,800	R9,500	R 13.239		

## **13. Programme 3: PUBLIC WORKS PROGRAMME**

The objectives of the programme are as follows:

- Co-ordination of Expanded Public Works Programme
- Monitoring and evaluation of departmental infrastructure programmes.
- Construction Industry Development Programme as well as management of Community Based Public Works Programme.
- Implementation of strategic projects

### **13.1 Situational analysis**

CBPW Programme is currently managing three programmes namely, Vukuzakhe, Integrated Sustainable Rural Development Programme as well as Urban Renewal Programme.

The Vukuzakhe project is employing 1 965 contractors and is piloting the savings club concept at Willowvale. The Cofimvaba to Askeaton project is executed by 7 emerging contractors. Of the four (4) urban renewal projects, namely, Ngangelizwe project, has been intentionally delayed due to belt tightening / austerity measures.

The social facilitation for all roads projects has been conducted. The consultants' roster has been utilised in managing the allocation of assignments to consultants. The sectoral committees for EPWP have been established, however, glitches relating to representation are being addressed with the affected stakeholders.

A draft policy on emerging contractor development has been developed and memorandum of understanding has been entered into with ABSA, FNB, Standard Bank to assist emerging contractors with credit.

As a result of the effects of the austerity measures, the development of the BEE policy has been delayed. Effort are spent on assisting the planning of various departments in order to ensure that projects to be undertaken to a large extent do comply with the elements of EPWP.

**Table 28: Demand for and performance of Community Based Programmes by Region**

Region	Number of unemployed people			Community based programmes			
	Female	Male	Total	No. of Projects last year	Number of person days employment created		
					Female	Male	Total
Cacadu	22 373	29 657	52 030	4	66	169	67 530
Amatole	165 979	157 539	323 518	94	1 700	1 035	30 967
Chris Hani	60 978	55 076	116 054	46	127	410	12 540
Ukhahlamba	22 85	19 304	42 154	45	13 844	21 736	45 580
OR Tambo	117 106	118 907	236 013	39	11 345	7 842	49 192
Alfred Nzo	40 581	41 793	82 374	30	3 072	10 500	39 600
<b>TOTAL</b>	<b>409 302</b>	<b>422 276</b>	<b>1 119 056</b>	<b>258</b>	<b>30 154</b>	<b>41 692</b>	<b>245 409</b>

## 13.2 Policies, priorities and strategic objectives

### a. Policies

- Construction Industry Development Board
- Construction Industry Transformation Policy
- Black Economic Empowerment Framework
- Expanded Public Works Programme
- Construction Education and Training Authority (CETA)

**b. Priorities**

- Facilitate implementation of mentoring programmes for contractors
- Roll out Sakhasonke programme
- Implement Vukuzakhe project
- Develop and implement exit strategy for Vukuzakhe
- Develop strategies for promoting local labour in the supply of building materials
- Effective co-ordination of EPWP
- Develop capacity within the three sectors so as to ensure effective co-ordination of EPWP
- Implement contractors' projects and registers for CIDB
- Strengthen the relationships with local sphere of government, collaboration in utilisation of personnel, contractor development and management
- Conduct a construction industry study with a purpose of determining appropriate and effective interventions on promoting the industry transformation
- Create more jobs through the urban renewal projects implementation
- Development of the BEE policy

c. **Table 29: Strategic objectives for programme 3**

**Strategic Goal 1**

Contributing to the transformation of the construction industry and to ensure economic growth and development through facilitating transformation of these industries, regulation, capacity building and creation of business opportunities for previously disadvantaged individuals.

- Build the capacity of emerging contractors on the Sakhasonke Database in entrepreneurial, technical skills and through learnerships.
- Provide support intervention on mentoring, access to finance, work opportunities, plant and material information and advice to emerging contractors.
- Manage the consultant roster system to attain objectives as contained in the roster policy
- Conduct research on the baseline information required to advance policy imperatives e.g. poverty indices at magisterial; collate information on construction suppliers; manufacturers at magisterial level; determine construction investments from both public and private bodies

**Strategic Goal 2**

Improving service delivery in all departmental programmes through conducting a comprehensive client needs assessment, developing and implementing a Service Improvement Plan (SDIP)

- Introduce and Roll out the consultant roster policy system to our sister departments and our provincial municipalities.
- Manage the database on procured infrastructure goods and services

**Strategic Goal 3**

Promotion of Black Economic Empowerment (BEE) in the procurement of goods and services, assets and property acquisition and disposal.

- Develop departmental policy on Black Economic Empowerment and set clear targets.
- Facilitate entry to youth and PDI entrepreneurs into niche sectors within the construction industry e.g. plant and material.
- Manage the consultant roster system to attain objectives as contained in the roster policy

**Strategic Goal 4**

Contributing to the Goal of Poverty Alleviation and Job Creation by implementing government policies relating to skills development, labour-intensive methods of service delivery, affirmative procurement and employment practises.

- Implement the lengthen (VUKUZAKHE) system, which entails maintenance of public facilities in order to contribute to socio-economic development and poverty eradication.

- Contribute to integrated sustainable rural development and poverty eradication in rural municipal nodes by providing infrastructure that appears in these district municipal areas IDP's in order to provide access to socio-economic infrastructure in a labour intensive manner
- Contribute to Urban Renewal in Mdantsane, Motherwell and Ngangelizwe by providing the necessary infrastructure in those identified nodes in a labour intensive manner in order to create jobs, skills, contribute to poverty eradication
- Social facilitate all Departmental infrastructural projects to ensure smooth implementation and maximum community participation prior during and after project implementation.
- To coordinate and facilitate the implementation of the expanded Public Works Programme (EPWP) within the department and the Province.
- To ensure training and development are key components in all Expanded Public Works Programmes and is linked to exit strategies for beneficiaries.

### **Strategic Goal 5**

Maintaining good corporate governance by ensuring departmental-wide compliance with government policies, regulations, instructions and enhancement of professional ethos in provision of services.

- Evaluate programmes and link with other institutions in order to determine best practise.
- Monitor and evaluate the utilization of the consultant roster.
- Implement the WEB Enabled Reporting System (WERS) in order to track all infrastructural projects compliance to provincial priorities participation goals and report deviation and monitor that all departmental projects comply with the EPWP

### **13.3 Analysis of constraints and measures planned to overcome them**

<b>ANALYSIS OF CONSTRAINTS</b>	<b>MEASURES PLANNED TO OVERCOME CONSTRAINTS</b>
Expanded Public Works Directorate not manned.	Department to prioritise some of the critical posts to be filled in a phased way.
Inadequate budget for co-ordinating the programme.	Alternatives of acquiring grants / donor funding to be explored.
Capacitation of the sectoral personnel and affected Departmental personnel on managing the EPWP projects, (from inception, monitoring and evaluation required).	Skills development and institutionalised support.



### 13.4 Description of planned quality improvement measures

The directorate is currently finalising the Vukuzakhe Data Management System. It is envisaged that the measurable objectives and performance indicators identified for this programme, which are to be incorporated in performance agreements, will effect a successful turnaround. Secondly we are about to conclude the review of the Emerging Contractor Development Programme, which is aimed at giving effective service to emerging contractors and simultaneously allow us to track their performance.

**13.5 Table 30: Specification of measurable objectives and performance indicators**

Strategic objective	Measurable Objective	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
<b>Input</b>									
Implement the lengthmen (VUKUZAKHE) system	Maintenance of roads and Public facilities with special emphasis on youth, women and disabled.	Number of people employed	Employment of 12 000 contractors	Employment of 1925 contractors	Employment of 1 925 contractors	Employment of 1 925 contractors	Employment of 1 925 contractors	Employment of 1 925 contractors	Employment of 1 925 contractors
	Establishment of the savings clubs		None	None	One club established	One club established	Maintenance of current club	Maintenance of current club	Maintenance of current club
	Development of an exit strategy for Vukuzakhe	Exit strategy developed	None	None	Exit strategy completed.	Strategy being developed.	Piloting of the strategy.	Full implementation of the strategy.	
Contribute to integrated sustainable rural development and poverty eradication in	Identify and rehabilitate roads and public facilities of municipalities according to their	Number of projects	5 Projects	5 Projects	Rehabilitate 40 km of gravel roads	Rehabilitate 20 km of gravel roads	5 Projects	5 Projects	5 Projects

Strategic objective	Measurable Objective	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
the rural municipal nodes	IDP's.								
Contribute to Urban Renewal in Mdantsane, Motherwell and Ngangelizwe	Upgrading of gravel roads into surface  Renovation of Public facilities	Km	Surface 40 km of tarred roads in each of the townships	Surface 40 km of tarred roads in each of the townships	Surface 36 km of tarred roads in each of the townships	Surface 36 km of tarred roads in each of the townships	Surface 40 km of tarred roads in each of the townships	Surface 40 km of tarred roads in each of the townships	Surface 40 km of tarred roads in each of the townships
Social facilitate all Departmental infrastructural projects to ensure smooth implementation and maximum community participation prior during and after project implementation.	Ensure community participation in all departmental projects.	Community Participation	All Dept Projects	All Dept Projects	All Dept Projects	Only roads projects had community participation	All Dept Projects	All Dept Projects	All Dept Projects

Strategic objective	Measurable Objective	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
To coordinate and facilitate the implementation of the expanded Public Works Programme (EPWP) within the department and the Province.	Coordinate and facilitate EPWP by:	<p>Number of jobs created.</p> <p>Verify targets for each department.</p> <p>Collate the 5 year plans into Sectoral Plans</p> <p>Prepare monthly and quarterly reports</p> <p>Sectoral committees submit monthly reports to the steering committee</p> <p>Prepare Provincial reports.</p> <p>Monitor through spot audits and through monthly meetings.</p>	N/A	N/A	20 000.00	N/A	40 000.00	60 000.00	80 000.00

[illegible]

Strategic objective	Measurable Objective	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
to provincial priorities participation goals and report deviation									
Development of contractors from PDI status	Utilisation of CIDB registers as basis for development	Number of contractors developed from PDI status	N/A	N/A	N/A	N/A	4	5	6
Build capacity of emerging contractors on the database in entrepreneurial, technical skills and through learnerships.	Training of emerging contractors	Number of contractors	Developed and empowered 200 emerging contractors	Developed and empowered by 265 emerging contractors	Developed and empowered by 200 emerging contractors	Developed and empowered by 237 emerging contractors	Support provided to 200 emerging contractors	Support provided to 200 emerging contractors	Support provided to 200 emerging contractors
Provide support interventions on mentoring, access to finance, work opportunities, plant and material, information and advice to emerging contractors	Develop emerging contractors by offering them support interventions, access to finance, work opportunities and material, information and advice...	Number	Support provided to 200 emerging contractors	Support provided to 200 emerging contractors	Support provided to 200 emerging contractors	Support provided to 373 emerging contractors	Support provided to 200 emerging contractors	Support provided to 200 emerging contractors	Support provided to 200 emerging contractors
Manage the consultant roster system by administering the appointment of professional service	Fair and Transparent appointments	% of APSP appointed	40% of Professional services awarded to PDI	52% of Professional Services awarded to PDI	40% of Professional services awarded to PDI	52% of Professional Services awarded to PDI	60% of Professional Services awarded to PDI	60% of Professional Services awarded to PDI	60% of Professional Services awarded to PDI

Strategic objective	Measurable Objective	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
provider	Fast rotation of PDI contractors								
Introduce and Roll out the consultant roster policy system to our sister departments and our provincial municipalities	Fair and Transparent appointments process  Fast rotation of PDI contractors	Report on number of consultants	N/A	N/A	N/A	Agree with Departments on the use of the roster	35% of departments	50% of departments	All infrastructure departments
Develop departmental policy on Black Economic Empowerment and set clear targets.	Structure targeting of PDI Companies	Policy developed and implemented	N/A	N/A	N/A	N/A	Development and implementation of the policy	Implementation and evaluation	Implementation and evaluation
Facilitate entry to youth and PDI entrepreneurs into niche sectors within the construction industry e.g. plant and material.	Develop a policy that ensures accessibility of niche markets to youth and PDIs.	Policy and Number of PDI owned companies	2 companies having youth PDI shareholders	1 company having youth PDI shareholders	2 companies having youth PDI shareholders	1 company having youth PDI shareholders	4 companies having youth PDI shareholders	4 companies having youth PDI shareholders	4 companies having youth PDI shareholders
	Establish a list of PDI owned companies.	Equity	15	15	N/A	N/A	15	15	15

Strategic objective	Measurable Objective	Performance Measure or Indicator	Year 2003/04		Base year 04/05		Year 05/06	Year 06/07	Year 07/08
			(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
<b>Process</b>									
Number of Training Programmes		Number	200	200	200	200	200	200	200
<b>Output</b>									
Number of employment days created		Days				178,128	N/A	N/A	N/A
% Days going to Youth		%	30	30	25	30	30	30	30
% Of employment days going to females		%	40	40	30	40	40	40	40
<b>Quality</b>									
Average Daily Wage paid		Daily Wage	55	55	55	55	55	55	55

### 13.6 Reconciliation of budget with plan

During the 2003/04 financial year, the programmes of urban renewal, ISRDS and Vukuzakhe were implemented. This has been the trend since 2003/04. The trend will carry on during the MTEF.

**Table 31: Nominal Expenditure on Programme 3:**

<b>Programme 3: Community based programmes</b>	<b>Year – 2 (2002/03)</b>	<b>Year - 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Nominal average annual change (%)<sup>1</sup></b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (MTEF 2006/07)</b>	<b>Year 3 (MTEF 2007/08)</b>	<b>Nominal average annual change (%)<sup>2</sup></b>
3.1. Programme support	8,600	58,348	58,723	NIL	65,829	71,620	78,316	NIL
<b>Total programme 3:</b>	<b>8,600</b>	<b>58,348</b>	<b>58,723</b>		<b>65,829</b>	<b>71,620</b>	<b>78,316</b>	

**Table 32: Real Expenditure on Programme 3:**

<b>Programme 3: Community based programmes</b>	<b>Year – 2 (2002/03)</b>	<b>Year - 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Real annual change (%)<sup>1</sup></b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (MTEF 2006/07)</b>	<b>Year 3 (MTEF 2007/08)</b>	<b>Real average annual change (%)<sup>2</sup></b>
3.1. Programme support	7,830	55,289	56,345	NIL	63,173	67,688	74,358	NIL
<b>Total programme 3:</b>	<b>7,830</b>	<b>55,289</b>	<b>56,345</b>		<b>63,173</b>	<b>67,688</b>	<b>74,358</b>	

1. Average annual change between year -2 and base year.

2. Projected average annual change between base year and year 3

3. Real expenditure = nominal expenditure deflated by the average annual inflation rate as measured by the Consumer Price Index (CPI). CPI figures should be obtained from STATS SA.

### **13.7 Sub-programme 3.1: Community Based Public Works Programme**

This sub-programme coordinates and facilitates the management of Strategic Infrastructure Projects identified and prioritised through SDI, PGDP and IDP processes.

#### **Strategic Objectives**

1. Contribute to the urban renewal nodes of the Eastern Cape Province.
2. Contribute to the integrated sustainable rural development nodes of prioritised district municipal areas.
3. Facilitate community participation programmes in all provincial infrastructure programmes and projects.



#### **13.7.1 Analysis of constraints and measures planned to overcome them**

Provincial cost pressures make it impossible to fund all the projects related to urban renewal and rural development. Furthermore the strategic plans of the municipalities fail to address economic development in their plans. Consultations are continuing with the municipalities and Provincial Treasury to resolve the planning and funding issues.

#### **13.7.2 Description of planned quality improvement measures**

A data management system will be implemented, focusing on contractor performance. A pilot project management system is being implemented to monitor infrastructure projects.

### **13.8 Sub-programme 3.2: Monitoring and Evaluation**

This sub-programme tracks programmes and projects with regards to their conformity to goals and objectives.

#### **Strategic Objectives**

- Monitor the Programme Management Monitoring Information System (PMMIS) in order to track all infrastructural projects compliance to provincial priorities participation goals and report deviations.
- Conduct research on the baseline information required to advance policy imperatives.

#### **13.8.1 Analysis of constraints and measures planned to overcome them**

Lack of capacity skills and monitoring tool makes it impossible to achieve the desired goals. Training and upgrading of the system will go a long way in improving service delivery.

#### **13.8.2 Description of planned quality improvement measures**

A comprehensive monitoring system will be implemented which will be able to produce high quality data and qualitative reports timeously.

### **13.9 Sub-programme 3.3: Construction Industry Development**

This sub-programme manages the emerging contractor development programme using mechanisms such as Sakhasonke. It also monitors and evaluates construction industry players in the province on performance regarding the CIDB norms and standards and facilitates the implementation of labour based construction methods to create jobs and promote skills transfer.

#### **13.9.1 Analysis of constraints and measures planned to overcome them**

The Department has submitted a memo to the Provincial cabinet whereby we are recommending certain improvements within the supply chain management, emphasis being on local resources. On the other side we are kick-starting the implementation of a structured emerging constructor development programme, which is intended to benefit both emerging contractors and historically disadvantaged individuals. Funds will be identified and ring fenced from the line function budgets.

#### **13.9.2 Description of planned quality improvement measures**

Implementation of monitoring mechanisms and effective feedback.

## 14. EXPENDITURE BY PROGRAMME

**Table 33: Nominal Expenditure by Programme**

Programme	Year – 2 (actual) 2002/03	Year - 1 (actual) 2003/04	Base year (estimate) 2004/05	Year 1 (budget) 2005/06	Year 2 (MTEF projection) 2006/07	Year 3 (MTEF projection) 2007/08
<b>1. Administration</b>	142,108	168,234	173,111	127,298	131,931	143,881
<b>2. Public works</b>	262,459	322,854	299,069	334,408	347,277	397,220
<b>3. Community based programmes</b>	8,600	58,348	58,723	65,829	71,620	78,316
<b>Total:</b>	413,167	549,436	530,903	527,535	550,828	619,417

**Table 34: Real Expenditure by Programme**

Programme 4	Year – 2 (actual) 2002/03	Year - 1 (actual) 2003/04	Base year (estimate) 2004/05	Year 1 (budget) 2005/06	Year 2 (MTEF projection) 2006/07	Year 3 (MTEF projection) 2007/08
<b>1. Administration</b>	129,386	159,415	166,100	122,162	125,317	136,609
<b>2. Public works</b>	238,963	305,929	286,957	320,917	329,868	377,144
<b>3. Community based programmes</b>	7,830	55,289	56,345	63,173	68,030	74,358
<b>Total:</b>	376,179	520,633	509,402	506,252	523,215	588,111

## 15. SUMMARY OF REVENUE

### 15.1 Medium-term revenues

#### 15.1.1 Summary of revenue

**Table 35: Summary of revenue: (Department of Public Works)**

	2000/03	2003/04	2004/05	2005/06	2006/07	2007/08
R 000	Actual	Actual	Estimate	MTEF	MTEF	MTEF
Voted by legislature	400,426	520,128	517,130	513,336	535,129	602,933
Conditional grants	0	0	0	0	0	0
Sale of goods and services other than capital assets	11,116	8,627	12,131	14,199	15,699	16,484
Financial transaction in assets and liabilities	1,625	20,681	1,642	0	0	0
<b>Total revenue</b>	<b>413,167</b>	<b>549,436</b>	<b>530,903</b>	<b>527,535</b>	<b>550,828</b>	<b>619,417</b>

#### 15.1.2 Departmental revenue collection

The department has embarked on a plan to increase rentals on 1<sup>st</sup> April 2005 to a market related rate. In addition, all revenue currently accruing to other department in lieu of Public Works properties will be accounted for in Public Works book to ensure that targets are met as set.

**Table 36: Departmental revenue collection: (Department of Public Works)**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
R 000	Actual	Actual	Estimate	MTEF	MTEF	MTEF
<b>Current revenue</b>						
Tax revenue						
Non-tax revenue	12,741	29,308	13,773	14,199	15,699	16,484
<b>Capital revenue</b>						
(specify)						
<b>Departmental revenue</b>	<b>12,741</b>	<b>29,308</b>	<b>13,773</b>	<b>14,199</b>	<b>15,699</b>	<b>16,484</b>

### 15.1.3 Conditional grants

Not applicable

### 15.1.4 Donor funding

**Table 37: Donor funding**

Project name	External donors	Monetary contributions by donors (R 000)					Project outcomes	Departmental reporting responsibility
		2001/02 actual	2002/03 estimated	2003/04 estimated	2004/05 estimated	2005/06 estimated		
Phase I Strategic Property Partner	IPSP				4 00		Deliverable of Phase I Strategic Property Partner Scoping Report	Head of Department and Project Manager, Director Property Management

## **16. Co-ordination, co-operation and outsourcing plans**

### **16.1 Interdepartmental linkages**

Monthly steering committee meetings relating to the schools' programme are held with IDT and Education. Linkages also occur in relation to the management of projects implemented by the Department for client departments and legislature. Other linkages occur as a result of the co-ordination of the Expanded Public Works Programme as the Department has been mandated by EXCO to co-ordinate the programme, provincially.

In order to promote integrated development, client departments will be assisted in developing infrastructure plans. The GIS will be utilised to supply relevant information in order to coordinate informed planning. Service level agreements for managing the relationships with client departments are to be finalised in the 2005 / 06 financial year. The department and the Department of Local Government and Housing have agreed to collaborate regarding the utilisation of staff for housing projects.

### **16.2 Local government linkages**

The Public Works Programme is responsible for the implementation of the Urban Renewal Programme, Integrated Sustainable Rural Development and Vukuzakhe Maintenance Programme. These programmes are implemented in line with the Integrated Development Plan of the various municipalities. Furthermore the department participates in forums created for the co-ordination of the Integrated Sustainable Rural Development. The department plans to integrate and manage consolidated contractor databases for various municipalities, extend contractor development programmes to the municipalities and facilitate agreements on self-guiding of assets established in the municipalities.

## 16.3 Outsourcing

**Table 38: Planned departmental projects**

Project identification	05/06	06/07	07/08
Qhasana building - clean exterior marmoran	1,200,000		
Qhasana building - alterations			2,000,000
Qhasana building - conference facility		1,400,000	
Qhasana - upgrade ablutions		1,650,000	
Premiers office - alterations	1,500,000	1,500,000	2,500,000
Premiers office - gatehouse canopy	300,000		
Premiers office - additional carports / parking			1,500,000
Dukumbana - clean exterior marmoran	1,500,000		
Dukumbana - alterations			2,000,000
Dukumbana - upgrade foyer		900,000	
Tyamzashe - clean exterior marmoran	2,000,000		
Tyamzashe - alterations			2,500,000
Tyamzashe - upgrade foyers		2,500,000	
Ecla complex - alterations	2,000,000		3,000,000
Ecla complex - upgrade ablutions		2,500,000	
Ecla complex - external security lighting		750,000	
Ecla complex - refuse bin area		350,000	
Sundry contracts	1,400,000	1,477,000	1,558,235
Departmental houses	1,000,000	1,055,000	1,113,025
Maintenance unit projects	6,421,000	6,774,155	7,146,734
Consultants fees		633,000	667,815

Project identification	05/06	06/07	07/08
	600,000		
Landscaping	500,000	527,500	556,513
Lifts maintenance	300,000	316,500	333,908
Airconditioning / electrical services	600,000	633,000	667,815
Maintenance of plant	150,000	158,250	166,954
Condition assessments	650,000		
Provincial Properties (Residences)	4,996,000	5,495,600	6,045,160
Office buildings (Provincial)	34,735,000	38,208,871	40,310,358
Plant maintenance (lifts maintenance)	6,030,000	6,361,650	6,711,540
Urban Renewal Programmes	28,000,000		
ISRDS	13,000,000		
Vukuzakhe	14,000,000		
Landscaping / clearing of erven	1,165,000	1,224,075	1,296,674
<b>Totals</b>	<b>122,047,000</b>	<b>74,414,601</b>	<b>80,074,729</b>

## 17. FINANCIAL MANAGEMENT

### 17.1 Strategies to address audit queries

The Department realised the repetitive nature of issues raised by the Auditor-General from one year to another. Most of the issues raised require corrective administrative efforts by the Department. Beside the menial administrative issues outstanding, there were backlogs in correcting issues that require deeper levels of expertise. Such levels of expertise involve the resolution of Persal and FMS



related transaction backlogs. Information and document management remain the key issues often raised by the Auditor-General, especially around payment files, contract documents and personnel information.

Having considered the concerns of the Auditor-General, the Department has established a team whose main focus is to resolve the issues in the Management Letter. A simplified action plan is developed every year and implemented by the team, under the leadership of our Senior Manager: Finance. In order to eliminate the recurrence of these issues in future years, the Department has embarked on a Support Services Project, whereby external expertise was sourced to augment the in-house capacity in resolving the financial management issues from the AG's Office. A joint delivery team was established to prioritise the Auditor General issues in the Management Letter. The joint delivery team is resolving these issues through Support Service Projects whose deadline is 31 March 2004.

The Department is in the process of filling all critical posts associated with financial management using recruitment of suitable staff, internship programmes and learnerships. This will capacitate the department during the existence of outsourced Support Service components and ensure the sustainability at the end of the Back Office contract. The Support Service Project is aimed at eliminating transaction backlogs, establishing information integrity and accuracy, stabilising the financial management operations and introducing best practices within the government framework.

## **17.2 Implementation of PFMA**

The implementation of the PFMA has improved with the improvements in financial management mentioned above. Normative measures reflect significant improvements when measured against the norms and standards included in the normative tables.

## **17.3 Management arrangements**

The appointment of a CFO took place during January 2002 at a time that most financial management functions were still centralised at Provincial Treasury. The Internal Audit was a shared service for the whole Province operating at the Office of the Premier. Significant procurement activities were the function of the Provincial State Tender Board. Due to the aforementioned conditions, the Office of the CFO was operating with a skeleton staff of administration officers effectively supervised daily by Treasury officials. The Office of the CFO is adequately staffed at Head Office whereas there are critical vacant posts in the Accounting Services, Salaries and Rebates Offices as well as the Regional Offices. The appropriate staff complement for the CFO Office for the Head Office and Regions is being finalised and critical vacant posts being filled.

The internal audit unit has been established within the Department. It is currently outsourced whilst the department is in the process of recruiting personnel for the unit.

#### **17.4 Internal control procedures, internal audit and audit committees.**

The Department has implemented the general internal control procedures that are integral to the BAS, LOGIS and PERSAL systems. Treasury Regulations and Circulars are implemented in such a manner as to comply with these during the processing of specific transactions.

The risk assessment has been conducted and a risk management strategy has been developed. The strategy includes the identification of actions to be implemented to improve internal controls where there are weaknesses. The action plans will be incorporated into the performance management system against which personnel will be measured. This will assist in inculcating the culture of risk management and internal controls in the process of execution of operations and improving the control environment of the department.

A risk management committee will be constituted to monitor the implementation of the risk management strategy and action plans intended to improve the internal controls. An internal audit unit has been established within the department and recruitment of staff is in progress. Internal audit is wholly outsourced and with the recruitment of personnel finalised the function will be partly outsourced and finally be fully an in-house function.

The internal audit function will evaluate the effectiveness of the internal controls implemented and make recommendations for improvements where weaknesses are identified. Members of the audit committee have been appointed and the committee has approved the internal audit charter, the strategic internal audit plan and the annual internal audit plan.

#### **17.5 Strategic planning and budgeting**

The Department has begun a process of changing the way of conducting its business. The starting point was a critical analysis of the existing strategies and its service delivery model. The process will develop a new service delivery model, human resource plan, human resource development strategy, service delivery improvement plan and organisational structure.

The introduction of Supply Chain Management has introduced asset review processes that culminate into prioritised projects, thus providing valuable inputs to the provincial Budget Indibano sessions. There are significant improvements in the budgeting processes as the years progress. These improvements can be attributed to the alignment between strategic planning and budgeting cycles.

## **17.6 Revenue and expenditure management**

Public Works has improved its spending patterns for the recent financial years. There is a break even between the budget allocations and expenditure. This can be attributed to expenditure control measures exercised through the In-Year Monitoring mechanisms.

Public Works has experienced challenges in the area of managing revenue generating properties database. This challenge made it difficult to have certainty on the amount of revenue due for collection. A debtor's management system is being implemented to collect revenue, using invoicing and statements.

## **18 ASSETS AND LIABILITY MANAGEMENT**

### **18.1 Asset management**

The Department has developed a movable fixed asset register, policy documents and procedure manual. These will enable the Department to have an updated register, with acquisition, maintenance, disposal and rental of assets governed by an approved policy. In so far as immovable assets, the data on those properties already confirmed to be owned by the Department would be included.

### **18.2 Inventory, debtors and creditors**

The Auditor General did not place reliance on our inventory figures that were disclosed during the 2002/03 Financial Statements. The stock counts for 2003/04 financial year took into account the concerns of the Auditor General and Provincial Treasury. The department has improved on stores administration and stock holding practices, with all stock records and internal control measures implemented in all regions. The management policies on immovable assets incorporate clauses that involve inventory items. We have developed reconciliation mechanisms of supplier invoices from the date of receipt to the date of payment, using an access database tool. The payment cycle is monitored using the database tool.

### **18.3 Accounting and reporting requirements**

Revenue and expenditure transactions as well as journals are accompanied by supporting documentation. We have improved on the movement and archiving of documents in relation to every transaction. We have just implemented a reconciliation of various accounts that interface with BAS, PERSAL and LOGIS.

The clearance of suspense accounts is monitored at high levels on a daily, weekly and monthly basis. The integrity of personnel data on physical files and PERSAL is being finalised through a designated project in this regard. A proper alignment has been established between our EC5.1 and the PERSAL establishment. Monthly In-Year Monitoring reports are discussed at Senior Management meetings that are organised for this purpose on a monthly basis with the MEC chairing such meetings. Annual Reporting practices are implemented according to National Treasury Guidelines.

#### **18.4 Delegations**

PFMA delegations have been documented, incorporated into the performance agreements of Senior Managers and individual delegations documented to these managers.

#### **18.5 Financial management**

Through the back office projects various interventions are relating to clearance of backlog in various areas have been embarked upon. Capacitation of staff where posts are filled has also been a key deliverable of the project. Procedure manuals and policies have also been developed and are implemented in order to ensure sustainability of the changes.

#### **18.6 Audit queries**

The Auditor General was concerned about the maintenance of revenue generating property register and the corresponding income register during the audit. Public Works embarked on a project to resolve the revenue issues and it is being finalised.

#### **18.7 Internal audit**

The Department has established an own internal audit function that is outsourced. The appointment of the service provider was finalised during November 2003 when a Service Level Agreement was signed. The processes of establishing an audit committee and the performance of a risk management processes have been completed for the year. The evaluation of internal controls and the production of an internal audit report are being finalised.