

Vote 14

Public Works

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	1 367 626	1 390 028		22 402
MEC remuneration	1 735	1 735		
Total amount to be appropriated	1 369 361	1 391 763		22 402
<i>of which:</i>				
Current payments	776 511	775 899	(612)	
Transfers and subsidies	488 109	492 613		4 504
Payments for capital assets	104 741	123 251		18 510
Payments for financial assets	-	-		
Responsible MEC	Mr. R. Pillay, MEC For Human Settlements and Public Works			
Administering department	Public Works			
Accounting Officer	Head: Public Works			

1. Vision and mission

Vision

The department's vision is: *A thriving economy through infrastructure development and property management.*

Mission

The department's mission is: *We will lead in infrastructure development and property management in KZN.*

2. Strategic objectives

Strategic policy direction: The Department of Public Works will continue to focus on its role of providing for the provincial departments' needs for building infrastructure and property management services through acquisition, construction, maintenance and disposal of public land and buildings. In line with its strategic objectives in the 5-year Strategic Plan (2010-2015), the department seeks to align its operations with the overall aims of national and provincial government to achieve an efficient, competitive and responsive economic and social infrastructure network, as well as providing decent employment through inclusive economic growth.

3. Summary of adjusted estimates for the 2014/15 financial year

The main appropriation for the Department of Public Works was R1.369 billion in 2014/15. This allocation includes the EPWP Integrated Grant for Provinces of R3.168 million. During the year, the department received an additional allocation of R22.402 million, resulting in an adjusted appropriation of R1.392 billion. This amount is made up as follows:

- **Roll-overs:** An amount of R20.268 million was rolled-over from 2013/14 to 2014/15, in respect of the Richmond Community Development programme. The funds will be allocated to Programme 3: Provision of Buildings, Structures and Equipment against *Goods and services*. These funds were specifically and exclusively appropriated, as follows:
 - R9.718 million for the payment of stipends in respect of the National Youth Service Programme (NYSP), KZN Integrated Greening programme and maintenance.
 - R1.178 million for the appointment of consultants to assist with project management and social facilitation of this programme.

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- o R4.830 million for the appointment of a service provider to render accredited training for NYSP learners in the National Certificate in Civil and Building Construction.
- o R4.542 million for the KZN Integrated Greening programme which is implemented jointly with the Wildlands Conservation Trust in the Richmond area, which includes accredited training as the beneficiaries will be trained on crop production.
- *Virement between programmes:* The following virements were undertaken between programmes:
 - o R532 000 was moved from Programme 1: Administration to Programme 3: Provision of Buildings, Structures and Equipment. This movement was a result of enforced savings implemented against *Machinery and equipment* on vehicles. These savings were moved to *Goods and services* to defray spending pressures related to higher than anticipated property payments for water and electricity and security services costs.
 - o In addition to this virement between programmes, the department also undertook extensive virements across sub-programmes and economic categories within programmes. Details of these virements are provided per programme in Section 4 below. All virements within programmes are permissible in terms of the PFMA and Treasury Regulations and, where applicable, were approved by Provincial Treasury (such as the increase in *Transfers and subsidies*, as explained in detail in Section 4). However, *Payments for capital assets (Buildings and other fixed structures and Machinery and equipment)* shows a reduction in Table 14.2, and Legislature approval is therefore required in this regard.
- *Shifts:* The following shifts of funds across economic categories were undertaken, where the original purpose of the funds remains unchanged:
 - o R572 000 relating to cellphone contracts in respect of departmental officials, was incorrectly classified across programmes as finance leases under *Machinery and equipment*. Amounts of R318 000, R37 000 and R217 000 were reclassified as *Goods and services* under the item communication across all three programmes. The purpose of the funds remains unchanged.
 - o R20 million for the Richmond Community Development programme was incorrectly classified against *Goods and services* in the main budget, instead of *Buildings and other fixed structures*. A shift was undertaken because these funds were specifically and exclusively appropriated for the building of new ablution facilities for the community of Richmond. The purpose of the funding remains unchanged.
- *Other adjustments:* The department's budget was increased by R2.134 million, as explained below:
 - o R1.093 million was allocated for renovations required to His Majesty's Ulundi Palace, the Legislative Assembly (LA) Building, Ministerial Houses and temporary residential units for a Royal Household event (His Majesty's wedding ceremony) that was held on 26 and 27 July 2014. These funds were allocated against *Goods and services* in Programme 3.
 - o The department received R1.041 million which was needed for refurbishment work at Nyokeni Palace. These funds were utilised for work needed to be completed before the Reed Dance took place in September 2014. These funds were allocated against Programme 3 under *Buildings and other fixed structures*.

Tables 14.1 and 14.2 below reflect a summary of the 2014/15 adjusted appropriation of the department, summarised according to programme and economic classification.

Table 14.1: Summary by programmes

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Administration	332 381	-	-	(532)	-	(532)	331 849
2. Property Management	615 691	-	-	-	-	-	615 691
3. Provision of Buildings, Structures and Equipment	421 289	20 268	-	532	-	22 934	444 223
Total	1 369 361	20 268	-	-	-	22 402	1 391 763
Amount to be voted							22 402

Table 14.2: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	776 511	20 268	-	(2 545)	(19 428)	1 093	(612)	775 899
Compensation of employees	520 148	-	-	(2 895)	-	-	(2 895)	517 253
Goods and services	256 363	20 268	-	349	(19 428)	1 093	2 282	258 645
Interest and rent on land	-	-	-	1	-	-	1	1
Transfers and subsidies to:	488 109	-	-	4 504	-	-	4 504	492 613
Provinces and municipalities	485 110	-	-	32	-	-	32	485 142
Departmental agencies and accounts	588	-	-	-	-	-	-	588
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	827	-	-	827	827
Households	2 411	-	-	3 645	-	-	3 645	6 056
Payments for capital assets	104 741	-	-	(1 959)	19 428	1 041	18 510	123 251
Buildings and other fixed structures	78 934	-	-	(1 427)	20 000	1 041	19 614	98 548
Machinery and equipment	21 807	-	-	(532)	(572)	-	(1 104)	20 703
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	4 000	-	-	-	-	-	-	4 000
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 369 361	20 268	-	-	-	2 134	22 402	1 391 763
Amount to be voted								22 402

4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes.

It is noted, however, that there have been a few minor changes to service delivery measures to align the targets originally published in the 2014/15 *EPRE* with the department's Annual Performance Plan (APP), which was published after the 2014/15 *EPRE*. A few of the targets were amended and these changes were not brought into the *EPRE*. The department is now aligning the non financial information in the 2014/15 Adjustments Estimate to the APP information.

4.1 Programme 1: Administration

The main objectives of this programme are to provide strategic leadership and management support to the MEC, to build a positive corporate culture, to render support and advice in terms of human resource practices, all legal matters, security and logistics and effective communication and information management systems, render sound financial management services and risk management. The programme comprises two sub-programmes, namely Minister's Support and Management.

Tables 14.3 and 14.4 below reflect a summary of the 2014/15 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R532 000 in respect of this programme, are provided in the paragraphs following the tables.

Table 14.3: Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Minister's Support	12 255	-	-	-	-	-	-	12 255
Management	320 126	-	-	(532)	-	-	(532)	319 594
Total	332 381	-	-	(532)	-	-	(532)	331 849
Amount to be voted								(532)

Table 14.4: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	306 922	-	-	(2 710)	318	-	304 530
Compensation of employees	241 353			(1 634)		(1 634)	239 719
Goods and services	65 569			(1 076)	318	(758)	64 811
Interest and rent on land						-	-
Transfers and subsidies to:	1 677	-	-	2 710	-	-	4 387
Provinces and municipalities	155			32		32	187
Departmental agencies and accounts	528					-	528
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions				827		827	827
Households	994			1 851		1 851	2 845
Payments for capital assets	23 782	-	-	(532)	(318)	-	22 932
Buildings and other fixed structures						-	-
Machinery and equipment	19 782			(532)	(318)	(850)	18 932
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets	4 000					-	4 000
Payments for financial assets						-	-
Total	332 381	-	-	(532)	-	-	331 849
Amount to be voted							(532)

Virement – Programme 1: Administration: (R532 000)

The virements undertaken within this programme and moved to Programme 3 are as follows:

- R532 000 was moved from Programme 1 against the sub-programme: Management under *Machinery and equipment* as a result of enforced savings on the purchasing of vehicles, to Programme 3 against *Goods and services*, to defray spending pressures related to higher than anticipated property payments for water and electricity, as well as security services costs.

The department also undertook virements within the programme, comprising of the following:

- Savings of R2.710 million were identified comprising savings against *Compensation of employees* (R1.634 million) due to delays in the filling of posts, and *Goods and services* (R1.076 million), as a result of financial controls implemented on items such as agency and support/outsourced services, stationery, printing and office supplies, travel and subsistence and training and development. These savings were moved to address spending pressures, as follows:
 - o R32 000 was moved to *Transfers and subsidies to: Provinces and municipalities* to cater for motor vehicle licence fees, which were underfunded.
 - o R827 000 was moved to *Transfers and subsidies to: Non-profit institutions* for several donations made in terms of Operation *Sukuma Sakhe*, that relate to 2013/14, and therefore were not budgeted for in 2014/15.
 - o R1.851 million was moved to *Transfers and subsidies to: Households* for higher than anticipated staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations. In respect of the increase in *Transfers and subsidies to: Non-profit institutions*, the required Treasury approval was obtained. Regarding the reduction in *Payments for capital assets*, Legislature approval is required for this decrease in capital assets.

Shifts – Programme 1: Administration:

As mentioned, R318 000 was shifted across sub-programmes from finance leases under *Machinery and equipment* to be correctly classified against *Goods and services* under communication services. The purpose of the funds, which is cellphone contracts for departmental officials, remains unchanged.

4.2 Programme 2: Property Management

The main purpose of Programme 2 is to provide and facilitate the provision of accommodation and integrated property management services to clients through planned property life cycle (acquisition, maintenance and disposal), optimal utilisation of immovable assets, land valuation, maintenance of fixed asset register, payment of property rates and integrated service delivery. Programme 2 also includes the leasing of buildings.

Tables 14.5 and 14.6 below reflect a summary of the 2014/15 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main movements, within the programme, which resulted in no change to the main appropriation, are provided in the paragraphs following the tables.

Table 14.5: Programme 2: Property Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Personnel and Admin. Related	610 502			(705)	(100)		(805)	609 697
Hiring	4 973			705			705	5 678
Acquisition of Land, Control and Disposal	216				100		100	316
Total	615 691	-	-	-	-	-	-	615 691
Amount to be voted								-

Table 14.6: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	130 335	-	-	-	37	-	37	130 372
Compensation of employees	41 142			1 675			1 675	42 817
Goods and services	89 193			(1 675)	37		(1 638)	87 555
Interest and rent on land					-		-	-
Transfers and subsidies to:	484 990	-	-	-	-	-	-	484 990
Provinces and municipalities	484 955						-	484 955
Departmental agencies and accounts	5						-	5
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	30						-	30
Payments for capital assets	366	-	-	-	(37)	-	(37)	329
Buildings and other fixed structures							-	-
Machinery and equipment	366				(37)		(37)	329
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	615 691	-	-	-	-	-	-	615 691
Amount to be voted								-

Virements – Programme 2: Property Management

The department undertook virements within the programme as follows:

- R705 000 was moved between sub-programmes within Programme 2, from Personnel and Admin. Related to Hiring, within *Goods and services*, to offset higher than anticipated costs relating to the department's building leases, in respect of Fedsure House in Pietermaritzburg. These savings were identified due to financial controls being implemented on items such as agency and support outsourced services.
- R1.675 million was identified within the sub-programme: Personnel and Admin. Related against *Goods and services* due to delays with the procurement process in the appointment of service providers in respect of Government Immovable Assets Management Act (GIAMA) implementation. These

savings were moved to *Compensation of employees* to cater for the Property Incubator programme. This project was not anticipated to continue beyond 2014, but was completed in September 2014. However, the learners were getting practical experience to assist them to get employment opportunities, and this amount was moved to offset pressures relating to the stipends of the learners.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, the reduction in the specifically and exclusively appropriated funds in respect of GIAMA implementation requires Legislature approval.

Shifts – Programme 2: Property Management

The following shifts were undertaken between sub-programmes and economic classifications, where the original purpose of the funds remains unchanged:

- An amount of R100 000 was shifted between sub-programmes from Personnel and Admin. Related to Acquisition of Land, and Control and Disposal within *Goods and services*. This relates to the payment of valuers who evaluate state properties. These were incorrectly allocated in the sub-programme: Personnel and Admin. Related.
- R37 000 was moved within Programme 2 from *Machinery and equipment* against finance leases to be correctly classified against *Goods and services* under communication services. The purpose of the funds, namely cellphone contracts for departmental officials, remains unchanged.

Service delivery measures – Programme 2: Property Management

Table 14.7 shows the revised service delivery for Programme 2: Property Management.

A number of targets have been revised to align to the targets included in the department's tabled 2014/15 APP. The outputs reflected as "n/a" indicate that the targets are no longer being used. To ensure full alignment, changes have been made to the original targets as reflected in the "2014/15 Revised target" column in the table below. In addition, there are minor changes to the wording of Output 2 and its performance indicator, as well as performance indicator for Output 5, as reflected in bold italics.

Table 14.7: Service delivery measures – Programme 2: Property Management

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1. Acquisition of properties to satisfy land and building needs of prov. depts. through property acquisition, disposal, hiring and letting	• No. of properties acquired as per client depts	22	1	
	• No. of properties disposed of as per client depts	20	-	n/a
2. Timeous hiring of properties to satisfy land and building needs of prov. depts, through property acquisition, disposal, hiring and letting	• No. of lease agreements concluded (No. of land and buildings hired for KZN as per the EPRE)	200	40	
3. State properties valued	• No. of properties valued	300	-	n/a
4. Implementation of GIAMA to effectively manage immovable assets	• Developed/ approved U-AMPs (No. of U-AMPs)	1	1	
	• No. of C-AMPs	1	-	
5. Successful implementation of <i>Izandla Ziyagezana</i> prog. to contribute to job creation (massification of EPWP)	• No. of work opportunities created through <i>Izandla Ziyagezana</i> programme on new sites	430	-	
6. Vesting of provincial properties to take transfer of all immovable assets	• No. of R293 provincial assets registered	300	-	n/a
	• No. of properties registered into the name of the KZN provincial government	-	194	300
	• No. of vesting requests submitted to provincial state land vesting and disposal committee	100	-	n/a
7. Effective projection and timely payment of municipal rates to facilitate payment of property rates (conditional grant)	• No. of existing properties	621	-	n/a
	• 100% expenditure on approved property rates invoices from municipalities	-	R421m	R458m

4.3 Programme 3: Provision of Buildings, Structures and Equipment

The main purpose of this programme is the erection and/or acquisition of buildings, structures and engineering works and the maintenance of buildings to client specifications. The core services of Programme 3 are:

- Improving integrated service delivery in the provision of buildings and structures.
- Creating jobs through the EPWP.
- Creating an enabling environment for affirmable business enterprises.
- Initiating and co-ordinating strategic partnerships.
- Co-ordinating and aligning operational activities in line with municipal demarcations.

Tables 14.8 and 14.9 below reflect a summary of the 2014/15 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R22.934 million, are given in the paragraphs following the tables.

Table 14.8: Programme 3: Provision of Buildings, Structures and Equipment

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Personnel and Admin. Related	333 827	20 268		532	(19 977)	62	885	334 712
Buildings and Structures	87 462				19 977	2 072	22 049	109 511
Total	421 289	20 268	-	532	-	2 134	22 934	444 223
Amount to be voted							22 934	

Table 14.9: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Current payments	339 254	20 268	-	165	(19 783)	1 093	1 743	340 997
Compensation of employees	237 653			(2 936)			(2 936)	234 717
Goods and services	101 601	20 268		3 100	(19 783)	1 093	4 678	106 279
Interest and rent on land				1			1	1
Transfers and subsidies to:	1 442	-	-	1 794	-	-	1 794	3 236
Provinces and municipalities							-	-
Departmental agencies and accounts	55						-	55
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	1 387			1 794			1 794	3 181
Payments for capital assets	80 593	-	-	(1 427)	19 783	1 041	19 397	99 990
Buildings and other fixed structures	78 934			(1 427)	20 000	1 041	19 614	98 548
Machinery and equipment	1 659				(217)		(217)	1 442
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	421 289	20 268	-	532	-	2 134	22 934	444 223
Amount to be voted							22 934	

Roll-overs – Programme 3: Provision of Buildings, Structures and Equipment: R20.268 million

An amount of R20.268 million was rolled-over from 2013/14, relating to commitments for the Richmond Community Development programme. This amount comprises specifically and exclusively appropriated funding relating to the payment of stipends in respect of the National Youth Service Programme (NYSP), KZN Integrated Greening programme and maintenance, the appointment of consultants to assist with project management and social facilitation of the Richmond Community Development programme, as well as the appointment of a service provider to render accredited training for NYSP learners in the National Certificate in Civil and Building Construction. These funds were allocated against *Goods and services* in the Personnel and Admin. Related sub-programme.

Virement – Programme 3: Provision of Buildings, Structures and Equipment: R532 000

The main appropriation of Programme 3 was increased by R532 000 as a result of the following:

- R532 000 savings identified from Programme 1 against *Machinery and equipment* due to enforced savings on the purchasing of vehicles. These savings were moved to the sub-programme: Personnel and Admin. Related against *Goods and services* to defray spending pressures related to higher than anticipated costs of property payments such as water and electricity and security services costs.

The department also undertook virements within the programme, comprising the following:

- Savings of R2.936 million identified against *Compensation of employees*, due to delays in the filling of vacant posts, were moved within Programme 3 across economic categories, as follows:
 - R1.141 million was moved to address spending pressures against *Goods and services* for consultants employed in the capacity of Project Managers in the Ulundi region, and to provide for higher than anticipated costs on items such as property payments in respect of water and electricity and security services costs.
 - R1 000 was moved to *Interest and rent on land* to address spending pressures with respect to interest costs which were paid to uMsunduzi Municipality. This was due to late payment for water and electricity.
 - R1.794 million was moved to *Transfers and subsidies to: Households* to offset higher than anticipated staff exit costs, which are difficult to budget for due to the unpredictable nature of such claims.
- R1.427 million savings identified from *Buildings and other fixed structures* due to slow progress under the head office project and delays in the commencement of the uMgungundlovu district office's new administrative wing project caused by a dispute between the department and the contractor. These savings were moved to *Goods and services* to offset higher than anticipated maintenance and repairs costs in the eThekweni region.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, Legislature approval is required for the decrease in *Payments for capital assets* relating to *Buildings and other fixed structures*.

Shifts – Programme 3: Provision of Buildings, Structures and Equipment

The department undertook the following shifts within the programme between sub-programmes and economic categories:

- R20 million relating to the Richmond Community Development programme was shifted between the sub-programmes in Programme 3 from Personnel and Admin. Related under *Goods and services* to *Buildings and other fixed structures* under the Buildings and Structures sub-programme. These funds are specifically and exclusively appropriated for the building of new ablution facilities for the community of Richmond. The purpose of the funding remains unchanged.
- R217 000 was shifted from *Machinery and equipment* against finance leases to *Goods and services* against communication services for departmental cellphone contracts, as mentioned previously. The purpose of the funding remains unchanged.
- R23 000 for contractors, which was inadvertently budgeted for against the sub-programme: Buildings and Structures, was moved to the sub-programme: Personnel and Admin Related within *Goods and services*. The purpose of the funds remains unchanged.

Other adjustments – Programme 3: Provision of Buildings, Structures & Equipment: R2.134 million

Additional funding of R2.134 million was allocated to this programme in respect of the following:

- R1.093 million was allocated for repairs required to His Majesty's Ulundi Palace, the LA Building, Ministerial Houses and temporary residential units for a Royal Household event (His Majesty's wedding ceremony) that was held on 26 and 27 July 2014. An amount of R1.031 million was allocated to the sub-programme: Building and Structures and R62 000 under the sub-programme: Personnel and Admin Related against *Goods and services*.
- R1.041 million was allocated to *Buildings and other fixed structures* under the sub-programme: Buildings and Structures for the refurbishment work on Nyokeni Palace. These funds were utilised for work needed to be completed before the Reed Dance took place in September 2014.

Service delivery measures – Programme 3: Provision of Buildings, Structures and Equipment

Table 14.10 below shows the service delivery for Programme 3.

The targets have been revised to align to the targets included in the department's tabled 2014/15 APP. The outputs reflected as "n/a" indicate that the targets are no longer being used. In addition, there are minor changes to the wording of performance indicator under Output 3, as reflected in bold italics.

Table 14.10: Service delivery measures – Programme 3: Provision of Buildings, Structures and Equipment

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1. Implementation of IDIP	• No. and of <i>ad hoc</i> projects completed per client request (maintenance projects)	100%	-	n/a
	• No. and % of planned projects completed per IPIP	100%	-	n/a
	• % of budget spent (all provincial departments)	100%	-	
	• No. of IPIPs finalised and approved by due date that responds to provincial depts. (that are implementing the IDMS) that submit approved IPMP to DOPW	-	-	3
	• No. of planned maintenance projects completed within agreed budget	-	11	26
2. Job creation in terms of EPWP	• No. of work opportunities	4 500	4 148	
	• No. of people employed	n/a	-	
	• No. of FTEs	800	1 342	
3. Implementation of NYS	• No. of learners <i>trained on accredited modules</i>	80	95	

5. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships in excess of R100 000 during the current financial year.

6. Infrastructure

Table 14.11 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall increase of R22.134 million, are summarised in the paragraphs before and after the table.

- *Virements*: The following virements were undertaken within infrastructure categories, as follows:
 - *Maintenance and repair: Current* was increased by R1.427 million for anticipated spending pressures relating to maintenance and repair costs for the eThekweni region. These savings were moved from *Upgrades and additions: Capital* and *New infrastructure assets: Capital*.
 - *Upgrades and additions: Capital* savings of R397 000 identified due to slow progress under the head office project were moved to *Maintenance and repair: Current* to offset higher than anticipated spending pressures relating to maintenance and repair costs for the eThekweni region.
 - Savings of R1.030 million were identified against *New infrastructure assets: Capital* due to delays in the commencement of the uMgungundlovu district office's new administrative wing

project caused by a dispute between the department and the contractor. These funds were moved from this category to cater for anticipated spending pressures relating to maintenance and repair costs for the eThekweni region.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, Legislature approval is required for the reduction in *Capital infrastructure*.

Table 14.11: Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	71 612	-	-	1 030	-	2 134	3 164	74 776
Maintenance and repair: Current	8 100			1 427		1 093	2 520	10 620
Upgrades and additions: Capital	52 930			(397)			(397)	52 533
Refurbishment and rehabilitation: Capital	10 582			-		1 041	1 041	11 623
New infrastructure assets: Capital	15 422			(1 030)	20 000		18 970	34 392
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	78 934	-	-	(1 427)	20 000	1 041	19 614	98 548
Current infrastructure	8 100	-	-	1 427	-	1 093	2 520	10 620
Total	87 034	-	-	-	20 000	2 134	22 134	109 168
Amount to be voted								22 134

- *Shifts*: The department undertook a shift affecting the infrastructure budget, where an amount of R20 million for the Richmond Community Development programme was incorrectly classified against *Goods and services*, instead of *Buildings and other fixed structures*. A shift was undertaken because these funds were specifically and exclusively appropriated for the building of new ablution facilities for the community of Richmond, and are allocated against *New infrastructure assets: Capital*. The purpose of the funding remains unchanged.
- *Other adjustments*: The department increased its infrastructure budget by R2.134 million, with the following adjustments:
 - *Maintenance and repair: Current* was increased by R1.093 million which was additional funding received to cater for renovations required on the Ulundi Palace, the LA Building, Ministerial Houses and temporary residential units for a Royal Household event.
 - Additional funding of R1.041 million was allocated against *Refurbishment and rehabilitation: Capital* for refurbishment work on the Nyokeni Palace. This work was done before the Reed Dance held in September 2014.

7. Conditional grants

Table 14.12 shows a summary of changes to conditional grants.

There are no adjustments made to the conditional grant allocation in respect of the EPWP Integrated Grant for Provinces. The full amount is budgeted for under *Goods and services*.

Table 14.12: Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
3. Provision of Buildings, Structures and Equipment	3 168	-	-	-	-	-	-	3 168
EPWP Integrated Grant for Provinces	3 168						-	3 168
Total	3 168	-	-	-	-	-	-	3 168
Amount to be voted								-

8. Transfers and subsidies

Table 14.13 shows the summary of transfers and subsidies per programme.

Details of the main adjustments, which led to an increase of R4.504 million in *Transfers and subsidies*, are discussed in the paragraphs following the table.

Table 14.13: Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
1. Administration	1 677	-	-	2 710	-	-	2 710	4 387
Provinces and municipalities	155	-	-	32	-	-	32	187
Motor vehicle licences	155	-	-	32	-	-	32	187
Departmental agencies and accounts	528	-	-	-	-	-	-	528
Social security funds/ Workmen's compensation	74	-	-	-	-	-	-	74
Skills development levy	454	-	-	-	-	-	-	454
Non-profit institutions	-	-	-	827	-	-	827	827
Operation <i>Sukuma Sakhe</i> initiatives	-	-	-	827	-	-	827	827
Households	994	-	-	1 851	-	-	1 851	2 845
Social benefits - Cash resources	994	-	-	1 851	-	-	1 851	2 845
2. Property Management	484 990	-	-	-	-	-	-	484 990
Provinces and municipalities	484 955	-	-	-	-	-	-	484 955
Municipalities - Property rates	484 955	-	-	-	-	-	-	484 955
Departmental agencies and accounts	5	-	-	-	-	-	-	5
Social security funds/ Workmen's compensation	5	-	-	-	-	-	-	5
Households	30	-	-	-	-	-	-	30
Social benefits - Cash resources	30	-	-	-	-	-	-	30
3. Provision of Buildings, Structures and Equipment	1 442	-	-	1 794	-	-	1 794	3 236
Departmental agencies and accounts	55	-	-	-	-	-	-	55
Social security funds/ Workmen's compensation	55	-	-	-	-	-	-	55
Households	1 387	-	-	1 794	-	-	1 794	3 181
Social benefits - Cash resources	1 387	-	-	1 794	-	-	1 794	3 181
Total	488 109	-	-	4 504	-	-	4 504	492 613
Amount to be voted								4 504

Virements: The department undertook the following virements affecting *Transfers and subsidies*, which resulted in a net increase of R4.504 million, and are summarised as follows:

- Programme 1 was increased by R2.710 million from savings realised against *Compensation of employees* (R1.634 million) and *Goods and services* (R1.076 million), which were moved as follows:
 - R32 000 was allocated against *Provinces and municipalities* to provide for higher than anticipated motor vehicle licence fees.
 - R827 000 was moved to *Non-profit institutions* to offset pressures relating to several donations made in respect of Operation *Sukuma Sakhe*, which were not catered for in the 2014/15 main appropriation.
 - R1.851 million against *Households* was due to higher than anticipated staff exit costs, which are difficult to budget for due to the unpredictable nature of such costs.
- An amount of R1.794 million was moved from *Compensation of employees* to *Households* to cater for higher than anticipated staff exit costs within Programme 3.

9. Transfers to local government

Table 14.14 shows the details of *Transfers to local government*. It is noted that the amount against *Provinces and municipalities* (reflected in Table 14.13 above) for motor vehicle licences is excluded from the transfers to local government table, as these funds will not be transferred to any municipality.

Table 14.14: Summary of transfers to local government (Municipal Rates)

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
A	KZN2000 eThekweni	269 459	-	-	(57 446)	-	(57 446)	212 013
Total: Ugu municipalities		9 117	-	-	3 248	-	3 248	12 365
B	KZN211 Vulamehlo	1 472	-	-	160	-	160	1 632
B	KZN212 Umdoni	344	-	-	979	-	979	1 323
B	KZN213 Umzumbe	1 600	-	-	2 000	-	2 000	3 600
B	KZN214 uMuziwabantu	2 172	-	-	-	-	-	2 172
B	KZN215 Eziqoleni	121	-	-	109	-	109	230
B	KZN216 Hibiscus Coast	3 408	-	-	-	-	-	3 408
Total: uMgungundlovu municipalities		77 939	-	-	754	-	754	78 693
B	KZN221 uMshwathi	10 211	-	-	5 678	-	5 678	15 889
B	KZN222 uMngeni	10 937	-	-	(3 937)	-	(3 937)	7 000
B	KZN223 Mpozana	801	-	-	(701)	-	(701)	100
B	KZN224 Impendle	165	-	-	85	-	85	250
B	KZN225 Msunduzi	54 975	-	-	(174)	-	(174)	54 801
B	KZN226 Mkhambathini	797	-	-	(197)	-	(197)	600
B	KZN227 Richmond	53	-	-	-	-	-	53
Total: Uthukela municipalities		21 985	-	-	15 282	-	15 282	37 267
B	KZN232 Emnambithi/Ladysmith	14 670	-	-	450	-	450	15 120
B	KZN233 Indaka	1 446	-	-	201	-	201	1 647
B	KZN234 Umsheshezi	3 784	-	-	9 016	-	9 016	12 800
B	KZN235 Okhahlamba	876	-	-	3 924	-	3 924	4 800
B	KZN236 Imbabazane	1 209	-	-	1 691	-	1 691	2 900
Total: Umzinyathi municipalities		22 900	-	-	2 689	-	2 689	25 589
B	KZN241 Endumeni	9 595	-	-	(2 112)	-	(2 112)	7 483
B	KZN242 Nqutu	7 552	-	-	992	-	992	8 544
B	KZN244 Msinga	2 611	-	-	1 836	-	1 836	4 447
B	KZN245 Umvoti	3 142	-	-	1 973	-	1 973	5 115
Total: Amajuba municipalities		8 629	-	-	1 694	-	1 694	10 323
B	KZN252 Newcastle	6 199	-	-	(2 298)	-	(2 298)	3 901
B	KZN253 eMadlangeni	1 382	-	-	1 218	-	1 218	2 600
B	KZN254 Dannhauser	1 048	-	-	2 774	-	2 774	3 822
Total: Zululand municipalities		23 999	-	-	10 804	-	10 804	34 803
B	KZN261 eDumbe	4 296	-	-	(1 296)	-	(1 296)	3 000
B	KZN262 uPhongolo	3 203	-	-	-	-	-	3 203
B	KZN263 Abaqulusi	3 000	-	-	3 000	-	3 000	6 000
B	KZN265 Nongoma	3 000	-	-	2 000	-	2 000	5 000
B	KZN266 Ulundi	10 500	-	-	7 100	-	7 100	17 600
Total: Umkhanyakude municipalities		9 545	-	-	12 738	-	12 738	22 283
B	KZN271 Umhlabuyalingana	4 646	-	-	5 137	-	5 137	9 783
B	KZN272 Jozini	2 034	-	-	3 266	-	3 266	5 300
B	KZN273 The Big 5 False Bay	965	-	-	1 035	-	1 035	2 000
B	KZN274 Hlabisa	1 000	-	-	2 000	-	2 000	3 000
B	KZN275 Mtubatuba	900	-	-	1 300	-	1 300	2 200
Total: uThungulu municipalities		12 300	-	-	10 500	-	10 500	22 800
B	KZN281 Umfolozi	1 000	-	-	(500)	-	(500)	500
B	KZN282 uMhlathuze	5 000	-	-	5 300	-	5 300	10 300
B	KZN283 Ntambanana	500	-	-	300	-	300	800
B	KZN284 uMlalazi	2 000	-	-	1 200	-	1 200	3 200
B	KZN285 Mthonjaneni	2 000	-	-	500	-	500	2 500
B	KZN286 Nkandla	1 800	-	-	3 700	-	3 700	5 500
Total: Ilembe municipalities		14 582	-	-	628	-	628	15 210
B	KZN291 Mandeni	2 135	-	-	(1 435)	-	(1 435)	700
B	KZN292 KwaDukuza	5 710	-	-	(500)	-	(500)	5 210
B	KZN293 Ndwedwe	335	-	-	965	-	965	1 300
B	KZN294 Maphumulo	6 402	-	-	1 598	-	1 598	8 000
Total: Harry Gwala municipalities		14 450	-	-	(877)	-	(877)	13 573
B	KZN431 Ingwe	1 011	-	-	1 189	-	1 189	2 200
B	KZN432 Kwa Sani	454	-	-	291	-	291	745
B	KZN433 Greater Kokstad	8 457	-	-	(2 457)	-	(2 457)	6 000
B	KZN434 Ubuhlebezwe	685	-	-	100	-	100	785
B	KZN435 Umzimkulu	3 843	-	-	-	-	-	3 843
Unallocated		50	-	-	(14)	-	(14)	36
Total		484 955	-	-	-	-	-	484 955
Amount to be voted								-

- *Virements*: The department adjusted the amounts to be paid to various municipalities in line with the invoices received for property rates. The Ulundi Municipality allocations were increased following newly identified properties such as schools, where the department is liable for property rates. Although the total to be transferred remains unchanged, the changes in various municipalities will be gazetted following the tabling of the Adjustments Estimate in line with PFMA requirements.

10. Actual payments and revised spending projections for the rest of 2014/15

Tables 14.15 and 14.16 reflect actual payments as at the end of September 2014 and projected payments as at year-end and total revised spending in rand value and as percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2013/14 audited outcome.

Table 14.15: Actual payments and revised spending projections by programme

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
1. Administration	323 641	331 849	145 319	43.8	186 530	56.2	331 849
2. Property Management	540 416	615 691	455 124	73.9	160 567	26.1	615 691
3. Provision of Buildings, Structures and Equipment	406 196	444 223	195 195	43.9	249 028	56.1	444 223
Total	1 270 253	1 391 763	795 638	57.2	596 125	42.8	1 391 763

Table 14.16: Actual payments and revised spending projections by economic classification

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
Current payments	679 124	775 899	341 243	44.0	434 656	56.0	775 899
Compensation of employees	489 093	517 253	253 187	48.9	264 066	51.1	517 253
Goods and services	190 019	258 645	88 055	34.0	170 590	66.0	258 645
Interest and rent on land	12	1	1	100.0	-	-	1
Transfers and subsidies to:	476 375	492 613	425 793	86.4	66 820	13.6	492 613
Provinces and municipalities	467 068	485 142	420 650	86.7	64 492	13.3	485 142
Departmental agencies and accounts	423	588	7	1.2	581	98.8	588
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	409	827	719	86.9	108	13.1	827
Households	8 475	6 056	4 417	72.9	1 639	27.1	6 056
Payments for capital assets	114 754	123 251	28 602	23.2	94 649	76.8	123 251
Buildings and other fixed structures	74 773	98 548	27 831	28.2	70 717	71.8	98 548
Machinery and equipment	34 747	20 703	771	3.7	19 932	96.3	20 703
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	5 234	4 000	-	-	4 000	100.0	4 000
Payments for financial assets	-	-	-	-	-	-	-
Total	1 270 253	1 391 763	795 638	57.2	596 125	42.8	1 391 763

The department's spending at mid-year, with 57.2 per cent of its annual budget spent, is slightly higher than the straight-line benchmark of 50 per cent. However, the adjusted appropriation includes several additional allocations, as well as funds reprioritised between programmes and economic categories, which will only be spent in the second half of the year.

- At mid-year, spending against Programme 1 was low at 43.8 per cent compared to the straight-line benchmark of 50 per cent. This slow spending was mainly due to delays in the filling of posts, financial controls implemented on items such as agency and support/outsourced services, fleet services, stationery, printing and office supplies, travel and subsistence and training and development, as well as enforced savings in respect of vehicles.
- Spending against Programme 2 was high, at 73.9 per cent of its budget. This significantly high spending was driven by spending pressures relating to the unanticipated renewal of contracts for officials appointed to conduct the Property Incubator programme, as well as the payment of rates which occurs mainly in August and September in the first quarter of the municipal financial year.
- Spending against Programme 3 was fairly slow with 43.9 per cent of the annual budget spent, ascribed to non-filling of vacant posts. Also contributing to the slow spending was unanticipated slow progress in some of the department's projects, such as the head office and the Southern region (uMgungundlovu) office's new administrative wing.

With regard to economic category:

- The spending at mid-year against *Goods and services* is significantly low at 34 per cent compared to the straight-line benchmark of 50 per cent. This largely emanates from under-spending due to delays in respect of GIAMA and the Fixed Asset Register.
- *Provinces and municipalities* reflects spending of 86.7 per cent against its annual budget which is significantly high compared to the straight-line benchmark of 50 per cent. This high spending is due to the payment of rates which occurs mainly in August and September in the first quarter of the municipal financial year. Although there were newly identified properties under the Ulundi Municipality which attract property rates, the department is not anticipating pressures in this regard.
- Spending against *Transfers and subsidies to: Non-profit institutions* largely related to 2013/14 donations made in respect of Operation *Sukuma Sakhe*.
- Spending against *Transfers and subsidies to: Households* was high at 72.9 per cent by mid-year compared with the straight-line benchmark of 50 per cent. This is attributed to higher than anticipated staff exit costs.
- With regard to *Machinery and equipment*, only 3.7 per cent was spent at mid-year. The department indicated that it is not anticipating to purchase vehicles as budgeted for in 2014/15, largely due to enforced savings implemented against this category.