

FOREWORD FROM THE MINISTER: HON. MINISTER M.B. GWALA

I am pleased to present the annual report on the activities of the KwaZulu-Natal Department of Works for 2004/05.

Although this is my second annual report, this is the first report where I have been the Minister for the majority of the period covered by it. This report demonstrates significant achievements by the Department of Works, but also reveals its shortcomings. It demonstrates that my Department managed to deliver building construction projects on behalf of client departments despite severe staff shortages in an industry where the demand outstrips the supply. However, this delivery does not yet meet the expectations of client departments, and has been the trend over the past decade.

2004/05 saw the Construction Industry Development Board publishing the results of its research into the status of the construction industry in South Africa. Although this report pointed out very positive trends in the industry, it also confirmed that South Africa has a major skills shortage that adversely affects the construction industry's ability to meet construction demands in the short to medium term. The construction industry is a labour intensive industry and has the ability to contribute significantly to job creation. Consequently, the President announced the Expanded Public Works Programme aimed at creating more jobs. A special programme was created nationally to enable skills acquisition for emerging contractors.

Consultation with stakeholders is a key element in the construction industry. A very successful congress (Ingxoxo) was held with key stakeholders to discuss with them construction industry issues and challenges. This forum provided a platform for my Department to impart important information and obtain vital input from its stakeholders. It is intended to continue and expand on this practice.

I developed a turnaround strategy (called "Change Agenda") in response to this background and my Department's past inability to deliver according to the expectations of client departments. It focuses my Department on key strategic issues that provide the impetus for a turnaround. The turnaround strategy deals with issues such as transforming my Department into a high-performing one; re-designing its service delivery model; developing new partnerships and service delivery agreements with clients; fast tracking development and implementing a flagship programme for classroom construction; developing a provincial fixed asset management system; and committing to the Expanded Public Works Programme in a major way.

The Head of Department, Mr EPM Radebe, left in 2004/05 and was replaced by Dr FB Madlopha. The new Head of Department has taken charge of the Change Agenda and is leading the turnaround process.

The changes being implemented are aimed at meeting challenges head-on by providing sound leadership, quality services and enhanced management. This report demonstrates how we are moving ahead to ensure that the citizens of KwaZulu-Natal get the most benefit possible from the Department of Works.

Muzi BLESSED GWALA

The Honourable M.B. Gwala, MPL
MINISTER OF WORKS



Mr M B Gwala
Honourable Minister of Works

LEADERSHIP OF THE DEPARTMENT OF WORKS



Dr F B Madlopha
Head : Works



Mr P W Duma
General Manager : Corporate Services



Mr M Nkosi
General Manager: Operations



Mrs S Linda
Acting General Manager
Professional Services



Mr J Redfearn
Acting Chief Financial Officer

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PART 1

GENERAL INFORMATION

Submission of the Annual Report to the Executive Authority

I have the honour of submitting the 2004/05 annual report of the Department of Works in terms of the Public Finance Management Act, 1999.

Introduction by the Head of Department

Once again the Department completed the financial year in a healthy financial position with a saving of approximately R5 million. Again the Department realised significant savings on its personnel budget due to it not being able to fill a number of vacant posts. These savings were utilised to purchase capital assets in the nature of office premises namely Highway House in Durban and the Telkom Building in Pietermaritzburg.

The Department has made good progress in implementing its 2004/05 strategic plan that is aligned to both the Department's strategic objectives and the provincial priorities. This Department has been involved in a number of activities, however, its main priorities include:

- Eradication of poverty and inequality;
- Investing in infrastructure;
- Managing the impact of HIV/AIDS in the workforce;
- Strengthening of governance; and
- Human capability development.

Information on the Ministry

During the period under review the Ministry provided the necessary leadership in implementing the "Change Agenda", a turn-around initiated by the Minister to ensure that the Department delivers on its mandate.

The Ministry jointly with the Communications Directorate had been involved in sustaining a high media profile and a positive corporate image of the Department. To this end the Minister attends ongoing fortnightly radio talk shows on Ukhozi radio station to keep the public informed on the activities of the Department.

The Minister also interacted with the various communities during the many Departmental road shows that were arranged in collaboration with the relevant local authorities.

Issues raised by the oversight bodies such as the Portfolio Committee on Public Works, the SCOPA, the Auditor General as well as the Legislature were given due attention.

Vision

To remain market leaders in the provision of public property and facilities in the KwaZulu-Natal Province ... ASISEBENZE, KUGUG' IFOSHOLO

Mission Statement

To provide cost effective, competitive construction and real estate management services in an efficient, effective and equitable manner that will enhance job opportunities to alleviate poverty.

Legislative mandate

Legislation and Special Programmes

5. The mandates of the Department of Works have been divided into four categories namely:

5.1 Statutory Mandates – which form the basis for the existence of the Department and its core business.

No .	Applicable Legislation	Explanatory Notes	Applicability
1.	Public Service Act as amended : Section 7(2) and Schedule 2	The Department has been established as a Provincial Department of Works, KwaZulu-Natal. Schedule 2 of this Act refers to the Head of the Department as Head: Works	Entire Department
2.	Section 104(4) of the Constitution	Section 104(4) provides the provinces with the competence to execute its functions in terms of Provincial Legislation. "Provincial Legislation with regard to a matter that is reasonably necessary for or incidental to, the effective exercise of a power concerning any matter listed in Schedule 4, is for all purposes legislation with regard to matters listed in schedule 4.	Entire Department
3.	Schedule 4 of the Constitution of the Republic of South Africa, 1996	Schedule 4 : provides the province with the competence to legislate on Works issues relating to the Provincial Government departments.	Entire Department

LEGISLATION APPLICABLE TO LINE (CORE) FUNCTIONARIES			
No.	Applicable Legislation	Explanatory Notes	Applicability
1.	Construction Industry Development Board Act, 2000	With special reference to paragraphs 3 and 4 of the Act	All Professional and Technical Services
2.	Property Valuers Professional Act, 2000	For reference purposes on appointments of property valuers	Professional and Technical Services and Real Estate functionaries
3.	Council for the Built Environment Act, 2000	Refer to Sections 2, 3 and 4	All Professional Services
4.	Engineering Professional Act, 2000	This Act intends to regulate the Engineering profession	To all Engineers
5.	Architectural Professional Act, 2000	This Act intends to regulate the Architectural profession	To all Architects
6.	Quantity Surveying Profession Act, 2000	This Act intends to regulate the Quantity Surveying profession	To all Quantity Surveyors
7.	Project and Construction Management Profession Act, 2000	Project management forms an integral part of all projects undertaken by the Department.	All Professional and Technical functionaries
8.	Occupational Health and Safety Act, as amended	Paragraphs 18 (1)(a)-(j) specify the duties of an Occupational Health and Safety Officer.	Departmental Health and Safety Officer/s
9.	State Land Disposal Act, 1961	This Act has no provision for provincial competency. It refers to the State President and the National Minister of Public Works	Real Estate functionaries.
10.	Deeds Registries Act, as amended	Governs the registration of deeds	Real Estate functionaries
11.	Expropriation Act, as amended	National Competency	Real Estate functionaries
12.	Prevention of Unlawful Occupation of Land Bill	Intends to prevent the unlawful occupation of State land	Real Estate functionaries
13.	Land and Administration Act	To ensure proper administration and management of state property	Real Estate

5.2 Quasi-Statutory Mandates – which are taken from National and Provincial Cabinet Strategic directives, MEC, Provincial Parliament and other government support institutions;

No.	Applicable Legislation	Explanatory Notes	Applicability
1.	White Paper : Public Works towards the 21 st Century		Entire Department
2.	DG's Submission of 9 April 1995	Transfer of the Security Services function to individual Departments, with the exception of Security Services at a shared facility	Security Services

No.	Applicable Legislation	Explanatory Notes	Applicability
3.	The Premier's address of 23 August 1999	Indicated that the Department had shifted its emphasis towards the development of new infrastructure in addition to the maintenance and upgrading of existing infrastructure	Entire Department
4.	Public Service Act Public Service Regs. Collective Agreements PFMA Treasury Regs.	These acts and regulations govern all officers in the Department of Works but are administered by support functionaries.	HR management

5.3 National and Provincial Initiatives – which are programmes determined to address specific community needs; and

No.	Applicable Legislation	Explanatory Notes	Applicability
1.	CBPWP Xoshindlala Health Promoting Schools Waste Management	These programmes are not owned by the Department but it has a major role to play. The Department's full participation is expected.	Development Facilitation, Professional and Technical Services

5.4 Special Programmes – which relate to specific campaigns aimed at addressing special needs that exist within the public service and the community at large e.g. HIV / AIDS campaign.

No.	Applicable Legislation	Explanatory Notes	Applicability
1.	Affirmative action Disability Employment Equity HIV / AIDS Gender Equality Youth Development	The Department is expected to provide a Special Programmes Officer / Unit	Entire Department

PART 2

PROGRAMME PERFORMANCE

Voted Funds

Total Amount Appropriated	R 402 004 000
Actual amount spent	R 396 994 000
Under expenditure	R 5 010 000

Responsible Minister	Mr M B Gwala
Accounting Officer	Dr F P Madlopha

Aim of the Vote

The aim of the Department is to satisfy its clients' accommodation needs by involving communities, emerging contractors and the established building industry.

Summary of Programmes

The activities of the Department of Works are organized in the following three programmes:

- Programme 1 Administration
- Programme 2 Real Estate
- Programme 3 Provision of Structures and Equipment

Overview of the service delivery environment for 2004/05

The Department of Works operates in an environment where resources are limited, and where there is a need for the Department to address the following:

- Alignment with international best practices;
- Operating within a tight fiscal discipline;
- Reducing the rate of unemployment;
- Supporting people from historically disadvantaged communities to enter the mainstream of the provincial economy, and
- Increase peoples access to services, consistent with the Batho Pele principles.

Overview of the organizational environment for 2004/05

Increasing volume of work

The Department continues to experience an increase in the volume of work, however, the Department has continued to carry out this work with the same number of employees and in some instances with a declining number of employees. The concern is that the increased workload without the commensurate increase in the number of professional and technical officials may make it difficult to provide the level of service that the Department has set for itself.

Skills mismatch /shortage

There is a mismatch in terms of the skills that are available in relation to the skills required to deliver service. The major challenge is the fact that the Public Service, in general and the Department of Works, cannot compete with remuneration packages offered in the private sector.

Review of organisational structure

The current structure is a challenge in that it is not aligned to the core functions of the Department in delivering on services and also in relation to the capacity needed to deliver to client departments.

Image and Perception Management

The Department of Works has a challenge in addressing the issue of negative perceptions by the client departments and the public both in terms of professionalism and delivery.

HIV / AIDS

Another challenge facing the Department is that associated with the HIV/AIDS pandemic. The problem does not only relate to awareness campaigns but is now reaching a stage within the organization where its effects on the functioning of the department are being felt.

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

The Department is faced with a number of political, economical and social challenges that must be adequately addressed over the following year to satisfy the needs of our clients whilst supporting and facilitating social, economic growth and development and enhancing the quality of life of the people of KwaZulu-Natal.

Our key strategic priorities for the next year are highlighted in the Department's turnaround strategic plan and include amongst other, the following:

- Transformation of the Department into a high-performing organisation;
- Redesign of the Department's service delivery model to effectively, efficiently and timeously meet client expectations;
- Development of new partnerships and service delivery agreements with client departments;
- Fast tracked development and implementation of a new flagship programme for elimination of the classroom backlog;
- Development and implementation of a provincial Fixed Asset Management System;
- Full engagement of the Expanded Public Works Programme.

The Change Agenda and the framework for a departmental turnaround strategy have been presented to and endorsed by the Premier and Cabinet and the Works and Finance Portfolio Committees. While this undertaking is seen as ambitious and difficult, support and encouragement has been unanimous from all quarters.

DEPARTMENTAL RECEIPTS

The Department of Works is a service provider to other provincial departments and is therefore not a major revenue generating unit. The main sources of revenue are of a domestic nature, and include housing rent, parking etc. The Department does, however, sell vacant unused land and buildings on the request from client departments.

	2000/01 Actual	2001/02 Actual	2002/03 Actual	2003/04 Actual	2004/05 Unaudited Actual
Tax Revenue	5,916	3,510	2,671	2,895	3,590
<i>Non Tax Revenue</i>	<i>5,916</i>	<i>3,510</i>	<i>2,671</i>	<i>2,895</i>	<i>3,590</i>
Sale of Capital Assets	20	4	15	57	5
<i>Sale of land & buildings</i>	<i>20</i>	<i>4</i>	<i>15</i>	<i>48</i>	<i>2</i>
<i>Sale of stock</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>9</i>	<i>3</i>
Total Departmental Receipts	5,936	3,514	2,686	2,952	3,595

DEPARTMENTAL PAYMENTS

Programmes	Voted 2004/2005	Roll-overs and Adjustments	Virement	Total Voted	Actual Expenditure	Variance
Programme 1	136,793		(11,109)	125,684	123,445	2,239
Programme 2	6,727		(538)	6,189	3,956	2,233
Programme 3	258,484		11,647	270,131	268,944	1,187
Special Functions	0	0	0	0	649	(649)
TOTAL	402,004	0	0	402,004	396,994	5,010

PROGRAMME 1 : ADMINISTRATION

This programme contains funds for conducting the overall management of the Department. There are two sub-programmes namely Ministry and Management. The purpose of these two sub-programmes are:

- Policy formulation by the Minister and the Department's management;
- Management of personnel and financial administration, determining working methods and procedures, and exercising control through Head Office;
- Rendering professional, administrative and office services.

The strategic objectives identified under this programme are as follows:

- Objective 1: To improve service delivery
- Objective 2: To continuously improve the procurement process
- Objective 3: To ensure effective communication
- Objective 4: To ensure accountability
- Objective 5: To improve financial management
- Objective 6: To develop and manage a human resource strategy
- Objective 1: To provide overall policy direction (both strategic and political)
- Objective 2: To monitor and reduce security threats and risks within the Department
- Objective 3: To achieve high level beneficiary satisfaction and employment opportunities
- Objective 4: To drive the Department's participation in the alleviation of poverty in KwaZulu – Natal
- Objective 5: To improve the public image and the manner in which the Department is perceived
- Objective 6: To provide responsive and quick services on Cabinet and Parliamentary matters

Service Delivery Objective	Service Delivery Achievements
To improve service delivery	Performance Management and Development System implemented – regional and district workshops held – 75 % of staff trained.
To continuously improve the procurement process	Senior management post in SCM created. Procurement delegations reviewed and updated. Full implementation of Supply Chain Management to be concluded in the 2005/06 financial year.
To ensure effective communication	Departmental communication strategy developed. 12 Departmental roadshows conducted.
To ensure accountability	Monthly financial reporting requirements complied with – 100 % compliance. Performance Management and Development System implemented – 75 % of staff trained in performance management.
To improve financial management	Regional organisational structure under review to strengthen financial management component, Regional financial manager posts created.
To develop and manage a human resource strategy	Human Resource Plan drafted. Action plan to deal with backlog misconduct cases has been developed and is being implemented.

PROGRAMME 2 : REAL ESTATE

This programme aims to enhance the core functions of the Department through offering excellent value to all client departments in the province. The programme guides the sourcing of property to service departments in the province.

The strategic objectives identified under this programme include the following:

- Objective 1: To develop an asset management strategy,
- Objective 2: To develop, review and implement standard operating procedures
- Objective 3: To institute a provincial preventative maintenance plan
- Objective 4: To develop, review and implement policies of the Department
- Objective 5: To manage the roster for the appointment of consultants
- Objective 6: To develop norms and standards for external contractors

Service Delivery Objective	Service Delivery Achievements
To develop an asset management strategy	<p>Currently in the process of implementing the fixed asset register. Expected implementation date is May 2006.</p> <p>Real Estate Manager appointed.</p> <p>Property Management System developed in conjunction with Treasury and CSIR in line with systems currently utilized by the Department of Health & Education.</p> <p>Implementation of the system to commence during 2005/06.</p>
To develop, review and implement standard operating procedures	<p>Current operating standards have been updated to comply with the requirements of HIV/AIDS; EPWP; Supply Chain Management; Construction Industry Development Board and Joint Building Contractors Committee. Tender documentation has also been adapted accordingly.</p> <p>Proposed amendments to the KwaZulu-Natal Land Administration Act, 2003 submitted to the Office of the Premier.</p>
To develop, review and implement policies of the Department.	Procurement procedures are being reviewed in accordance with new legislation.
To manage the roster for the appointment of consultants	Service providers have been appointed to develop a web-enabled appointment of consultants roster. The developed system will allow consultants to register online and ensure effective reporting on the appointment process
To develop norms and standards for external contractors	The Department is in a continuous process of updating and developing the norms, standards and specifications.
To improve service delivery methodology	<p>Develop standard maintenance contracts to be used by the regions in the implementation of projects. The following contracts were developed:</p> <ul style="list-style-type: none"> • ZNT 4154, 4155, 4156, 4157W contract for building work and repairs. This contract was finally approved in March 2005 by CPC after a prolonged appeal period. The implementation of this contract will greatly assist in service delivery and the speed with which projects can be implemented. • ZNT 55G contract for the repair and maintenance of mechanical equipment. This contract was approved by CPC in December 2004. In terms of mechanical maintenance and repairs, this contract will enable the regions to utilize approved contractors to perform maintenance and emergency services. <p>ZNT 6666W contract for electrical upgrade and repair. This contract has been submitted to CPC and the appeals process has started. This contract will enable the regions to utilize a list of approved contractors to perform maintenance and do repairs to electrical installations.</p>

PROGRAMME 3 : PROVISION OF BUILDINGS AND STRUCTURES

The purpose of this programme is to provide and maintain buildings, structures, engineering works, prestige furniture for this Department and the various client departments as well as community based projects, which is for poverty alleviation targeted at the rural communities.

The types of services rendered by Programme 3 include the following:

- The erection of buildings, structures and engineering works;
- The maintenance and adaptation of buildings and structures;
- Cleaning buildings and the payment of municipal services; and
- The provision of prestige furniture, works of art and equipment to provincial departments, as well as the maintenance thereof.

The strategic objectives identified under this programme are detailed below:

Objective 1: To provide buildings, structures and equipment to client departments timeously and according to their specifications

Objective 2: To improve service delivery methodology

Objective 3: To create an enabling environment for affirmable business enterprises to do business with the Department

Objective 4: To initiate and coordinate strategic partnerships

Objective 5: To align and coordinate operational activities of the regions in line with the Departmental strategic objectives

Service Delivery Objective	Service Delivery Achievements
To provide buildings, structures and equipment to client departments timeously and according to their specifications	<p>Projects completed for the Department of Education:</p> <ul style="list-style-type: none">- 1104 classrooms- 2614 toilets <p>Major projects undertaken for the Department of Health:</p> <p>Major Projects (New Infrastructure)</p> <ul style="list-style-type: none">4 Projects delivered19 Projects on site <p>Capital Projects (Including repairs & renovations)</p> <ul style="list-style-type: none">6 Projects delivered6 Projects on site12 Projects in planning <p>The following number of projects were undertaken on behalf of the Department of Welfare:</p> <p>Major Projects (New Infrastructure)</p> <ul style="list-style-type: none">1 Project completed3 Projects on site4 Projects in planning <p>Capital Projects (Including repairs & renovations)</p> <ul style="list-style-type: none">1 Project completed7 Projects on site5 Projects in planning

Service Delivery Objective	Service Delivery Achievements
To create an enabling environment for affirmable business enterprises to do business with the Department	<p>Identification and registration of co-operatives.</p> <p>Fixed rate contract for emerging contractors developed and submitted to Provincial Treasury for consideration.</p> <p>See table below – Expanded Public Works Programme deliverables</p>
To initiate and coordinate strategic partnerships	Service Level Agreements (SLA) in place with all client departments except Legislature, Royal Household, Transport and Education.

EPWP Targets

Region	Total number of days worked	Number of job opportunities	Number of youth employed	Number of women employed	Number of people with disabilities
North Coast	242 113	3 242	1 395	413	42
Midlands	14 249	3 645	2 257	321	28
Southern	40 560	971	830	220	23
E-Thekwini		166			
Total	296 922	8 024	4 482	954	93

Projects undertaken by the Department of Works during 2004/05

During the financial year 2004-2005 the Department rendered 11,149 services to client departments. The distribution of these services is demonstrated in the following table.

NUMBER OF PROJECTS UNDERTAKEN BY THE DEPARTMENT OF WORKS 2004-2005

CLIENT DEPARTMENT	EASTERN SEABOARD REGION	MIDLANDS REGION	NORTH COAST REGION	SOUTHERN REGION	TOTAL
AGRICULTURE	38	47	216	195	496
ARTS & CULTURE				6	6
ECONOMIC DEVELOPMENT	5				5
EDUCATION	2,876	1,065	961	795	5,697
HEALTH	119	83	143	143	488
HOUSING	78		1	1	80
PARLIAMENT				88	88
PREMIER			5	5	10
ROYAL HOUSEHOLD	1		13		14
T&LGA	54	12	4	5	75
TRANSPORT	130	198	147	232	707
WELFARE	499	131	128	78	836
WORKS	914	362	1,003	368	2,647
Grand Total	4,714	1,898	2,621	1,916	11,149

The distribution of the above mentioned services in accordance with the different categories of work is illustrated in the following table.

PROJECTS PER CATEGORY UNDERTAKEN BY THE DEPARTMENT OF WORKS 2004-2005

CATEGORY	EASTERN SEABOARD REGION	MIDLANDS REGION	NORTH COAST REGION	SOUTHERN REGION	TOTAL
ACQUISITION OF LAND & BLDGS	6			6	12
HIRING OF BUILDINGS	48	36	14	42	140
M/A CAPITAL SERVICES	682	542	453	331	2,008
M/A CURRENT SERVICES	3,522		2,019	1,260	7,986
MAJOR WORKS	62	46	59	90	257
OTHER SERVICES	394	89	76	187	746
Grand Total	4,714	1,898	2,621	1,916	11,149

During the 2004-2005 financial year, the Department has spent in excess of R709 million rand on behalf of its client departments.

Distribution of this expenditure amongst the various client departments is illustrated in the following table

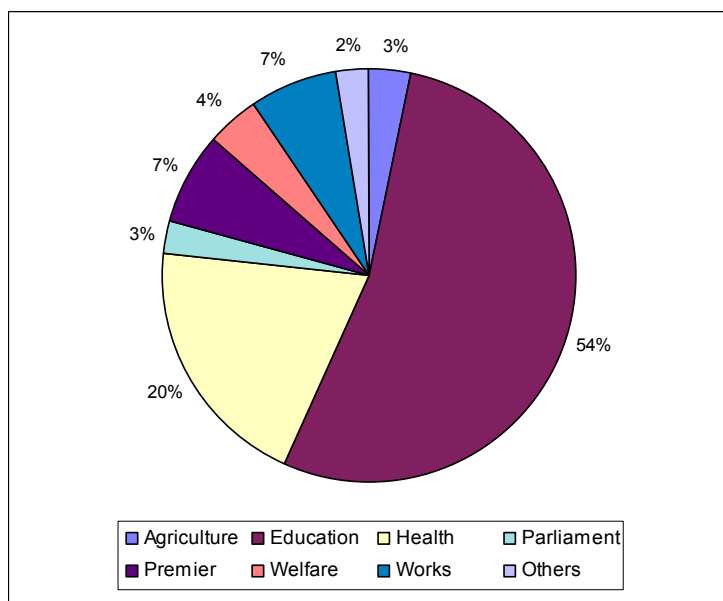
CLIENT EXPENDITURE FOR 2004 TO 2005

OBJECTIVE	EASTERN SEABOARD REGION	MIDLANDS REGION	NORTH COAST REGION	SOUTHERN REGION	TOTAL
Arts and Culture	0	0	0	391,822	391,822
Agriculture	2,762,630	1,503,164	7,882,168	15,092,966	27,240,928
Economic Dev	3,556,396	0	0	0	3,556,396
Education	87,295,907	109,360,746	72,137,945	62,852,241	331,646,840
Health	68,901,802	20,602,119	25,840,372	45,870,450	161,214,743
Royal Household	2,362	0	151,746	0	154,108
Housing	616,203	0	2,955	794,349	1,413,507
Prov. Parliament	0	0	0	22,141,393	22,141,393
Premier	0	0	1,786,898	55,569,813	57,356,711
Transport	3,991,085	754,804	2,311,610	1,531,270	8,588,770
Trad. & Loc Govmnt	645,592	65,576	979,728	3,607,794	5,298,690
Welfare	11,378,195	6,950,363	3,157,823	12,298,829	33,785,210
Works	12,776,587	3,643,037	35,096,136	5,373,599	56,889,360
TOTAL	191,926,759	142,879,809	149,347,381	225,524,529	709,678,479

From the above it is clear that during the financial year under discussion, the main client for the Department was the Department of Education whose expenditure amounted to 54% of the total turnover. During this period 1,104 new classrooms were delivered to the client department as well as 2,514 toilet seats.

20% of the expenditure for the 2004-2005 financial year was on behalf of the Department of Health whilst 7% each was spent on behalf of the Office of the Premier and the Department of Works itself. The Department of Social Welfare and Population Development accounted for 4% of the turnover and the balance was spent on other departments. The above distribution is illustrated in the following graph.

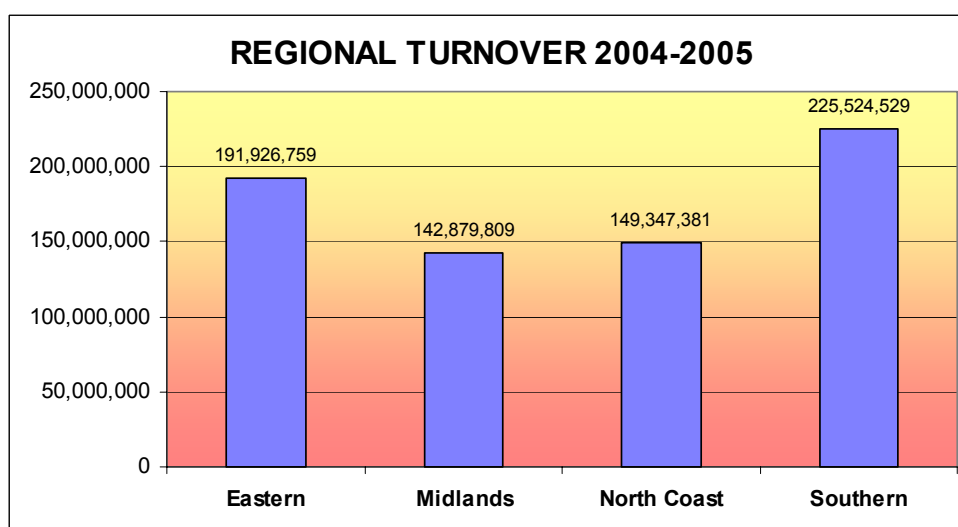
EXPENDITURE DISTRIBUTION PER CLIENT 2004-2005



Distribution of expenditure between the Department's regional offices were as follows;

ETHEKWINI REGION	27%
MIDLANDS REGION	20%
NORTH COAST REGION	21%
SOUTHERN REGION	32%

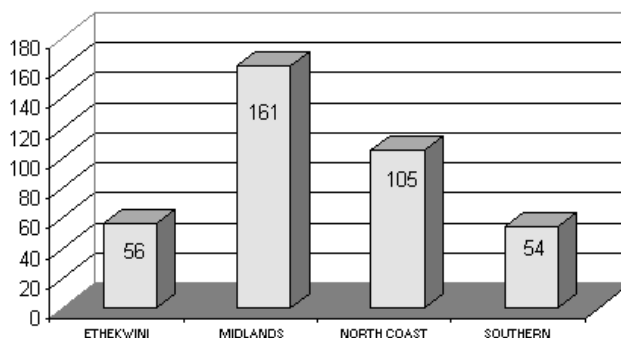
The following graph indicates the above



First delivery taken on projects by geographical area

FIRST DELIVERY TAKEN ON PROJECTS FOR 2004-2005		
REGION	CLIENT DEPARTMENT	TOTAL
ETHEKWINI REGION	AGRICULTURE & ENVIRONMENTAL AFFAIRS	1
	EDUCATION & CULTURE	49
	HEALTH	1
	ROADS	2
	WELFARE	2
	WORKS	1
ETHEKWINI REGION Total		56
MIDLANDS REGION	AGRICULTURE & ENVIRONMENTAL AFFAIRS	1
	EDUCATION & CULTURE	152
	HEALTH	1
	ROADS	1
	WELFARE	1
	WORKS	5
MIDLANDS REGION Total		161
NORTH COAST REGION	AGRICULTURE & ENVIRONMENTAL AFFAIRS	8
	EDUCATION & CULTURE	88
	HEALTH	3
	ROADS	2
	WELFARE	1
	WORKS	3
NORTH COAST REGION Total		105
SOUTHERN REGION	AGRICULTURE & ENVIRONMENTAL AFFAIRS	2
	EDUCATION & CULTURE	39
	HEALTH	7
	PROVINCIAL PARLIAMENT	1
	ROADS	3
	WELFARE	1
	WORKS	1
SOUTHERN REGION Total		54
Grand Total		376

**NUMBER OF FIRST DELIVERIES TAKEN
PER REGION FOR 2004-2005**



PART 3

REPORT OF THE AUDIT COMMITTEE ON THE DEPARTMENT OF WORKS

We are pleased to present our report for the financial year ended 31 March 2005.

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and met 5 times as per its approved terms of reference.

Name of Member	Number of Meetings Attended
R Morar (Chairperson)	5
BP Campbell	5
BS Khuzwayo (Adv)	4
ADK Leisegang	5
DSD Shabalala	1
RK Sizani (Adv)	0
RW Green-Thompson (Prof)	3

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein, except as stated below.

The Effectiveness of Internal Control

We cannot comment on the systems of internal control as the Internal Audit Unit did not conduct any internal audit assignments during the year under review.

The quality of in year management and monthly / quarterly reports submitted in terms of the Treasury Regulations and the Division of Revenue Act

We cannot comment on the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

Evaluation of Financial Statements

We have:

- Not reviewed the audited annual financial statements to be included in the annual report;
- Taken into consideration the Auditor-General's management letter and management's responses;
- Not reviewed changes in accounting policies and practices;
- Reviewed significant adjustments resulting from the audit.

We concur and accept the conclusions of the Auditor-General on the annual financial statements and are of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

mam

.....
R MORAR: Chairperson
On behalf of the Audit Committee

16/8/05
Date:



A U D I T O R - G E N E R A L

PART 4

**REPORT OF THE AUDITOR-GENERAL
TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE
ON THE ANNUAL FINANCIAL STATEMENTS OF VOTE 14
DEPARTMENT OF WORKS
FOR THE YEAR ENDED 31 MARCH 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 33 to 71, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Completeness of revenue

Inadequate procedures exist to identify sources of revenue due to the department relating to real estate. Consequently I was unable to perform adequate audit procedures to verify the completeness of an amount of R1 394 293 (rental of buildings: R779 085, land: R245 086 and residences: R370 122), included in the total of R3 595 000 disclosed as departmental revenue in the financial statements.

3.2 Asset management

In terms of section 11 of the KwaZulu-Natal Land Administration Act, 2003 (Act No. 3 of 2003) the Minister is required to establish and maintain a consolidated register of all provincial state land with full details of any improvements to and structures on the land; and entities responsible for the control and use of land. The absence of accurate details places a limitation on the scope of the audit and uncertainty regarding the validity, completeness and accuracy of accounting transactions.

In addition, Treasury Regulation 10, issued in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the accounting officer of an institution to take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate misuse. The accounting officer must also ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the institution's assets.

3.3 Accounts receivable

A carefully developed and properly maintained system of internal control is essential to ensure accurate and complete accounting for all assets, expenditure and income.

Notwithstanding repeated reporting for the past two years, and resolutions passed by the legislature to enforce corrective actions, my audit again revealed the following examples of shortcomings that impact on the accuracy of the accounting records:

- **Staff debtors**

A review of the staff debtor accounts revealed that a total of R491 094 was outstanding at 31 March 2005. These debts related to persons suspended, resigned, deceased, dismissed, retired, transferred or no details recorded, who had not made payments over the past three years as follows:

Years	Amount R	No. of accounts
3	332 040	39
2	20 566	15
1	51 338	60
Debtors with more than one account	73 029	13
Debtors with no detail	14 121	6
	<u>491 094</u>	

- **Other accounts**

The following accounts were not regularly reconciled and subsequently cleared at 31 March 2005, which is indicative of a lack of independent review by management:

Account	R
S & T advance	93 000
Disallowance damages and losses	5 829 371
Disallowance damages and losses recoverable	1 247 266
Salary reversal control account	<u>870 795</u>
	<u>8 040 432</u>

3.4 Accounts payable

The inter-responsibility clearing account amounting to R1 106 108 was not reconciled and subsequently cleared at 31 March 2005, which is indicative of a lack of independent review by management.

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Department of Works at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the PFMA.

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Interdepartmental receivable amounts owing by other provincial departments

Discrepancies were noted with regard to 12 interdepartmental unconfirmed and confirmed balances reflected as owing in the financial statements of the department, totalling R245 294 000 at 31 March 2005. The financial statements of some other departments indicate different amounts to those reflected in the financial statements of Department of Works.

As a result of the differences between the various departments' disclosure and as the department had circulated confirmations and received no responses, the accuracy, completeness and recoverability of the amounts reflected in annexure 6 relating to debtors could not be confirmed. The amounts selected for testing at the department were supported in their records.

5.2 Inadequate internal controls

Notwithstanding repeated reporting for the past two years, and resolutions passed by the legislature to enforce corrective actions, my audit again revealed the following serious internal control shortcomings that impact on the accuracy of the accounting records and the effectiveness of the service delivered by the department:

- Non-compliance with section 38(1)(a) of the PFMA that requires the accounting officer to ensure that effective, efficient and transparent systems of financial and risk management and internal control have been developed and are maintained. Various comments covering income, expenditure, assets and liabilities expressed by management in reply to audit findings indicated that a sound internal control environment and systematic approach in processing information were lacking.

- The various recommendations made in the internal audit reports, as well as numerous comments and findings from the prior and current year also indicates a lack of control procedures. Consequently, follow-up actions on recommendations made could not be confirmed by this office. The departmental and internal audit follow-up on these report findings, some of which include very serious issues and strongly recommended remedial actions, is considered to be lacking and not timeously attended to by management, thus placing the department at further risk.
- Furthermore, the department's internal control monitoring unit did not have an approved strategy for the assessment and identification of risks, and was understaffed.

5.3 Audit flavours - vacancy rate

The department's administration and real estate divisions reflected vacancies at year-end of 44,7 and 59,5 per cent respectively which is in excess of the acceptable norm of 5 per cent. The high level of vacancies impacts on and impairs service delivery. In addition, it was noted that the appropriation account reflects a higher percentage of personnel expenditure as a result of the department utilising the savings to finance a property.

5.4. Forensic investigation

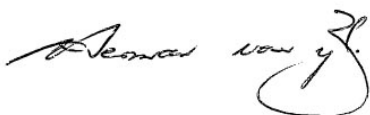
This office was engaged by the department to investigate concerns regarding procurement practices and the use of state housing. The investigation is currently under way and the outcome will be reported on in due course.

5.5 Previously reported matters

Further to the matters reported above, my audit findings on the progress made with previously reported matters are attached as annexure A of this report. Attention is also drawn to page 29 of the report of the Accounting Officer disclosing progress on Provincial Public Accounts Committee resolutions.

6. APPRECIATION

The assistance rendered by the staff of the Department of Works during the audit is sincerely appreciated.



H van Zyl for Auditor-General

Durban

30 July 2005



A U D I T O R - G E N E R A L

PROGRESS MADE WITH PREVIOUSLY REPORTED MATTERS

Reference to previous audit report	Subject	Findings on progress
Audit report, paragraph 3.2	Irregular expenditure: lease of building	Awaiting the report on the internal audit investigation into the Highway House lease.
Audit report, paragraph 5.1	Non-compliance: asset register	Notwithstanding that this non-compliance was reported in my audit reports of 2002-03 and 2003-04 as well as resolution 80/2003 and 58/2004 of the PPAC, a fixed asset register was not in place at 31 March 2005.
Audit report, paragraph 5.6.2	Presentation and disclosure: bank balance	<p>The bank balance per the bank reconciliation at 31 March 2004 did not agree to the trial balance and annual financial statements, resulting in a difference of R64 889.</p> <p>The bank balance per the bank reconciliation at 31 March 2005 did not agree to the trial balance and annual financial statements, resulting in a difference of R49 089.</p>
Audit report, paragraph 5.6.13	Service level agreements	<p>Of the 15 departments, nine had signed service level agreements with the department, which sets out their respective agreed upon responsibilities, procedures and processes. The remaining six departments had, for various reasons, not concluded such agreements. The department is at risk in this regard, as expenditure and responsibilities in respect of services rendered by the department on behalf of the following client departments may be disputed and hence may not be recovered by the department:</p> <ul style="list-style-type: none"> • Education • Royal Household • Transport • Provincial Parliament • Arts and Culture • Sport and Recreation

PART 5

PROVINCE OF KWAZULU-NATAL

DEPARTMENT OF WORKS

VOTE 14

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**MANAGEMENT REPORT
for the year ended 31 MARCH 2005**

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. General review of the state of financial affairs

In terms of the country's Constitution and the Public Service Act, the Department of Works is the statutory body responsible for providing office accommodation to other provincial Departments to enable them to meet their service delivery requirements.

The Department is committed to ensuring effective and efficient administration and in light of this commitment, adheres to the principles of sound corporate governance and has a policy of zero tolerance to fraud and corruption.

With the Department's *Vision* to remain market leaders in the provision of public property and facilities, it is committed to use its expertise to obtain infrastructure of the highest quality according to clients' needs and to promote the use of SMME's in demonstrating its commitment to playing a significant role in the economic development of our country. The Department is committed to implementing effective affirmative procurement to sustain black / women economic empowerment and continues to focus on the progressive implementation of the Expanded Public Works Programme.

Although the Department made significant progress in the past year, there is a need to recognize that, while the workload increased, the Department continued to carry this increased workload without additional employees. The challenge facing the Department now is that the increased workload, without a commensurate increase in the number of professional and technical human resources, may make it difficult for the Department to provide the required level of service. The Department must try to achieve an optimum staff complement, both at Head Office as well as in the regions, and effectively introduce a culture of performance and pride in the organization, consistent with the principles of *Batho Pele*.

Another challenge facing the Department is that associated with the HIV/AIDS pandemic. The problem does not only relate to awareness campaigns, but the stage has been reached where the HIV/AIDS pandemic is beginning to have an effect on the functioning of the Department. Strategies must be developed that will address this problem and enable the Department to continue to deliver services within this environment.

A focus area of the Department of Works is that of ensuring the optimal utilisation of the province's fixed property. The challenge for the Department of Works is to establish a fully functional fixed property asset management system which would include a fixed property asset register. This project has started and it is envisaged that the Department will have a fully functional asset register in place by May 2006.

Once again the Department completed the financial year in a healthy financial position, with an underspend of approximately R 5 million. These savings were mainly due to delays in filling vacant posts.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**MANAGEMENT REPORT
for the year ended 31 MARCH 2005**

2. Services rendered by the Department:

The Department of Works is responsible for services such as building and construction, maintenance of buildings, professional advisory services, property acquisition, letting and disposals.

In carrying out these services, the Department undertakes the following core functions:

- The acquisition of public buildings and land;
- The construction of public buildings, involving the physical erection or major improvement in respect of infrastructure in the building environment;
- The maintenance of public buildings and land, including performing the necessary work to keep the required level of operation; and
- The alienation of public buildings and land, including the disposal of fixed assets by selling, demolition, exchanging and donation.

The cost of services provided to client departments is recovered on a cost basis whilst the cost of providing the administrative, professional and technical support is borne by the Department of Works and therefore does not operate a tariff policy.

The Department of Works provided buildings, maintenance and other related services to our client departments to a value in excess of R745 million for the financial year ending 31 March 2005.

The table below provides an analysis of the expenditure incurred on behalf of the client departments in respect of services provided detailing the department and the geographical area where the service was provided.

CLIENT EXPENDITURE FOR 2004 TO 2005					
Department	ETHEKWINI	MIDLANDS REGION	NORTH COAST REGION	SOUTHERN REGION	TOTAL
Arts and Culture	0	0	0	391,822	391,822
Agriculture	2,762,630	1,503,164	7,882,168	15,092,966	27,240,928
Economic Dev	3,556,396	0	0	0	3,556,396
Education	87,295,907	109,360,746	72,137,945	62,852,241	331,646,777
Health	68,901,802	20,602,119	25,840,372	45,870,450	161,214,743
Royal Household	2,362	0	151,746	0	154,108
Housing	616,203	0	2,955	794,349	1,413,507
Prov. Parliament	0	0	0	22,141,393	22,141,393
Premier	0	0	1,786,898	55,569,813	57,356,711
Transport	3,991,085	754,804	2,311,610	1,531,270	8,588,770
Trad. & Loc Govmnt	645,592	65,576	979,728	3,607,794	5,298,690
Welfare	11,378,195	6,950,363	3,157,823	12,298,829	33,785,210
Works	12,776,587	3,643,037	35,096,136	5,373,599	56,889,360
TOTAL	191,926,759	142,879,809	149,347,381	225,524,529	709,678,476

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**MANAGEMENT REPORT
for the year ended 31 MARCH 2005**

Total expenditure on all capital and current building and maintenance works for the past six years are shown in the table below. As mentioned in my opening paragraphs the increase in work, reflected in financial terms, can clearly be seen in the table below. Whilst a small percentage of this increase can be attributed to normal inflation, the major reason for the increase is attributed to the increase in the allocation of funds to maintain the province's existing buildings and for the construction of new buildings.

Year	Expenditure
1999 / 2000	R187 million
2000 / 2001	R278 million
2001 / 2002	R385 million
2002 / 2003	R616 million
2003 / 2004	R701 million
2004 / 2005	R710 million

3. Capacity constraints

The Department continues to operate under severe capacity constraints because of the shortage of professionals. This has a direct impact on service delivery of the Department. There is a shortage of professional staff available to the public service. This can be attributed to the limited number of professionals in the market. The few that are available have been absorbed by the private sector, as this sector offers a higher salary than that offered by the public sector.

4. Utilisation of donor funds

The Department did not utilise any donor funds during the 2004/05 financial year.

5. Trading entities and public entities

The Department was not involved with trading and public entities during the 2004/05 financial year.

6. Organisations to who transfer payments have been made

The Department made no transfer payments during the 2004/05 financial year.

7. Public private partnerships (PPP)

The Department has not entered into any public private partnerships.

8. Corporate governance arrangements

Government has established various policies, acts, procedures and prescripts aimed at promoting good governance and enhancing service delivery. Compliance to all pieces of legislation remains a challenge to all government institutions.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**MANAGEMENT REPORT
for the year ended 31 MARCH 2005**

The Department has established an internal control component to look at compliance practices to all legislation and to investigate all unethical behaviors and/or deviations.

The Department is currently in the process of finalizing a fraud prevention and fraud response policy in line with the Provincial Treasury's fraud policies.

9. Discontinued activities / activities to be discontinued

There are no discontinued activities.

10. New / proposed activities

There are no new or proposed activities.

11. Events after the reporting date

There were no significant events after the reporting date which would materially effect the financial statements.

12. Standing Committee on Public Accounts

Reference to SCOPA resolution	Subject	Findings on progress
58/2004 and 80/2003	Outstanding matters from the 2002-03 audit report: asset register	Quarterly reporting has been adhered to by the Department. The last response submitted by the Department was on 30 June 2005. The department has complied with its requirement to provide regular feedback into this matter. The Department is in the process of implementing an asset register. It is envisaged that it will be completed by May 2006.
59/2004	Outstanding matters from the 2002-03 audit report: completeness of revenue cannot be verified	The Department has provided a housing stock register of all housing stock under its control. SCOPA has not called a meeting requesting the presence of the Treasury and the Department as yet.
60/2004	Outstanding matters from the 2002-03 audit report: internal audit review function	To date, SCOPA has not called a meeting with the Internal Audit function regarding the status of the forensic audits currently in progress. However, the Department has been liaising with Internal Audit on an ongoing basis.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**MANAGEMENT REPORT
for the year ended 31 MARCH 2005**

Reference to SCOPA resolution	Subject	Findings on progress
61/2004	Outstanding matters from the 2002-03 audit report: notification of receipt of forensic audit report (FR29/2003)	Except for issues reported in the audit report, all prior year matters have been resolved.
62/2004 (72/2005)	Outstanding matters from the 2002-03 audit report: notification of receipt of forensic audit report (FR29/2003)	This resolution leads on from resolution 60/2004. Steps have been taken to address the matters reported on in the forensic report (FR29/2003).
63/2004 (73/2005)	Irregular expenditure: lease of building	The onus rests on the chairperson of the SCOPA to request a copy of the investigation report from the Office of the Premier.
64/2004 (79/2005)	Fruitless and wasteful expenditure	The matter of the MEC's cellphone account has been investigated and no calls made by the MEC after he left the Department have been paid by the Department. However, after this date no further monies were expended on the cell phone contract.
66/2004	Internal checking and control	The Department has established an internal control component, as required by the resolution. However, the internal control component is understaffed. The Department has prioritised the filling of these vacant posts.
67/2004	Procedures for quarterly reporting	The process of quarterly performance reporting has been set in motion. Operational plans with objectives have been drawn up. Performance indicators are discussed monthly with Exco and consultants have been recruited to help start the BSC and its implementation.
68/2004	No signed performance contracts	The performance contract of the Head of Department/Accounting Officer has been signed by the MEC. The rest of the Department's Senior Management Services (SMS) did not have signed performance agreements as at year end, however this situation has since been rectified.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**MANAGEMENT REPORT
for the year ended 31 MARCH 2005**

69/2004 (70/2005)	No signed delegations of authority	The signed delegations of authority have been made available to the Auditor-General and SCOPA. This matter is considered resolved.
70/2004	Misconduct and disciplinary issues; Long suspension of official	A schedule indicating the status and outcome of disciplinary hearings was forwarded to SCOPA, DPSA, Auditor General and the MEC as required by Treasury Regulation 4.3.3.
69/2005	Attendance of the former acting accounting officer at this hearing	A letter requesting the attendance of the former acting accounting officer has been submitted and a reply is outstanding.
74/2005	Fruitless and wasteful expenditure: irregular leave	Most of the leave days have been deducted from the relevant employees' leave. However, a problem arises when certain employees do not have leave days to their credit. In this instance, approval is being sought for these employees' leave days to be reversed, when it does accrue to them.
77/2005	Amounts owing by provincial departments	<p>The interdepartmental receivables as stated in the financial statements reflect the proper state of affairs as at 31 March 2005.</p> <p>Moving forward, the Department is aggressively following up on the amounts outstanding from client departments. Regular Head of Department client liaison meetings have been established between the major departments with a standing item on the agenda being that of outstanding claims.</p>
80/2005	Fruitless and wasteful expenditure: ministerial houses	This issue is nearing finalisation. Internal Control has requested Treasury to verify and confirm the amounts owing for domestic & municipal services by MEC's/Premiers.
81/2005	Fruitless and wasteful expenditure: Ulundi Flats	Attorneys have been appointed to serve eviction notices where appropriate.

APPROVAL

The annual financial statements set out on pages **33** to **71** have been approved by the Accounting Officer.

Dr. F.B. Madlopha

Head : Works

31 May 2005

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**ACCOUNTING POLICIES
for the year ended 31 MARCH 2005**

The annual financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the annual financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the annual financial statements: GRAP 1, 2 and 3.

1. Basis of preparation

The annual financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated funds

Voted funds are the amounts appropriated to a Department in accordance with the final budget known as the Adjusted Estimates of National/Provincial Expenditure. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**ACCOUNTING POLICIES
for the year ended 31 MARCH 2005**

They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the National/Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the Statement of Financial Performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the Statement of Financial Performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using local and foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

3. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the annual financial statements and are not recognised in the Statement of Financial Performance.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**ACCOUNTING POLICIES
for the year ended 31 MARCH 2005**

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the annual financial statements of the department.

Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the annual financial statements of the department. Any potential liabilities are disclosed in the annual financial statements of the National/Provincial Revenue Fund and not in the annual financial statements of the employer Department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services was used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**ACCOUNTING POLICIES
for the year ended 31 MARCH 2005**

Unauthorised expenditure

Unauthorised expenditure, is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure, is defined as :

- expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:
 - the Public Finance Management Act
 - the State Tender Board Act, or any regulations made in terms of this Act, or
 - any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

- expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore
 - it must be recovered from a responsible official (a debtor account should be raised), or
 - the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**ACCOUNTING POLICIES
for the year ended 31 MARCH 2005**

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and Other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the annual financial statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the annual financial statements.

8. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the annual financial statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the annual financial statements are prepared on the cash basis of accounting. Operating lease expenditure is expensed when the payment is made.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**ACCOUNTING POLICIES
for the year ended 31 MARCH 2005**

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the annual financial statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the annual financial statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**ACCOUNTING POLICIES
for the year ended 31 MARCH 2005**

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in presentation in the current year. The comparative figures shown in these annual financial statements are limited to the figures shown in the previous year's audited annual financial statements and such other comparative figures that the Department may reasonably have made available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the cash flow statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**APPROPRIATION STATEMENT
for the year ended 31 MARCH 2005**

Appropriation per Programme									
	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1. Administration									
Current payment	104,977	-	-2,246	102,731	109,821	-7,090	106.9%	92,481	88,646
Transfers and subsidies	2,844	-	-	2,844	1,721	1,123	60.5%	3,313	3,477
Expenditure for capital assets	28,972	-	-8,863	20,109	11,903	8,206	59.2%	10,024	2,476
2. Real Estate									
Current payment	6,600	-	-538	6,062	3,945	2,117	65.1%	8,561	8,157
Transfers and subsidies	16	-	-	16	11	5	68.8%	197	251
Expenditure for capital assets	111	-	-	111	-	111	0.0%	1,103	47
3. Provision of Buildings, Structures & Equipment									
Current payment	220,941	-	-14,765	206,176	199,831	6,345	96.9%	225,868	210,232
Transfers and subsidies	3,653	-	1,031	4,684	4,659	25	99.5%	6,215	16,179
Expenditure for capital assets	33,890	-	25,381	59,271	64,454	-5,183	108.7%	33,504	22,452
4. Special Function									
Current payment	-	-	-	-	649	-649	0.0%	-	82
Subtotal	402,004	-	-	402,004	396,994	5,010	98.8%	381,266	351,999
Statutory Appropriation									
Total	402,004	-	-	402,004	396,994	5,010	98.8%	381,266	351,999
Departmental receipts									
Actual amounts per Statement of Financial Performance (Total Revenue)				3,595				2,952	
Actual amounts per Statement of Financial Performance Expenditure				405,599	396,994			384,218	351,999

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**APPROPRIATION STATEMENT
for the year ended 31 MARCH 2005**

Appropriation per Economic classification									
	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current payments									
Compensation to employees	213,245	-	-15,163	198,082	196,641	1,441	99.3%	205,544	193,534
Goods and services	119,273	-	-2,386	116,887	116,914	-27	100.0%	121,366	113,503
Financial transactions in assets and liabilities	-	-	-	-	649	-649	0.0%	-	82
Transfers & subsidies									
Provinces & municipalities	668	-	-	668	544	124	81.4%	656	530
Departmental agencies & accounts	569	-	-	569	406	163	71.4%	317	839
Households	5,276	-	1,031	6,307	5,483	824	86.9%	8,752	18,538
Payment on capital assets									
Buildings & other fixed structures	32,308	-	26,215	58,523	64,307	-5,784	109.9%	31,887	21,515
Machinery & equipment	30,565	-	-9,697	20,868	12,050	8,818	57.7%	11,672	3,414
Land & subsoil assets	100	-	-	100	-	100	0.0%	1,072	44
Total	402,004	-	-	402,004	396,994	5,010	98.8%	381,266	351,999

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**DETAIL PER PROGRAMME 1 – ADMINISTRATION
for the year ended 31 MARCH 2005**

Programme per sub-programme	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
1.1 Minister's Support									
Current payment	7,349	-	-	7,349	7,878	-529	107.2%	5,904	5,349
Transfers and subsidies	222	-	-	222	228	-6	102.7%	5	6
Expenditure for capital assets	223	-	-	223	82	141	36.8%	45	139
1.2 Management									
Current payment	97,628		-2,246	95,382	101,943	-6,561	106.9%	86,577	83,297
Transfers and subsidies	2,622		-	2,622	1,493	1,129	56.9%	3,308	3,471
Expenditure for capital assets	28,749		-8,863	19,886	11,821	8,065	59.4%	9,979	2,337
Total	136,793	-	-11,109	125,684	123,445	2,239	98.2%	105,818	94,599
Economic classification	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current payments									
Compensation to employees	59,981		-5,560	54,421	53,857	564	99.0%	50,117	47,304
Goods and services	44,996		3,314	48,310	55,923	-7,613	115.8%	42,364	41,342
Transfers & subsidies									
Provinces & municipalities	162		-	162	150	12	92.6%	153	128
Departmental agencies & accounts	359		-	359	369	-10	102.8%	165	832
Households	2,323		-	2,323	1,244	1,079	53.6%	2,995	2,517
Payments for capital assets									
Machinery & equipment	28,972		-8,863	20,109	11,902	8,207	59.2%	10,024	2,476
Total	136,793	-	-11,109	125,684	123,445	2,239	98.2%	105,818	94,599

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**DETAIL PER PROGRAMME 2 – REAL ESTATE
for the year ended 31 MARCH 2005**

Programme per sub-programme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation n %	Final Appropriation R'000	Actual Payment R'000
2.1 Personnel & Administration									
Current payment	4,700		-538	4,162	3,287	875	79.0%	3,677	3,205
Transfers and subsidies	16		-	16	11	5	68.8%	197	251
Expenditure for capital assets	11		-	11	-	11	0.0%	31	24
2.2 Acquisition of Land, Improvements & Rights									
Current payment	205		-	205	5	200	2.4%	-	-
Expenditure for capital assets	100		-	100	-	100	0.0%	1,072	23
2.3 Hiring									
Current payment	1,695		-	1,695	653	1,042	38.5%	4,884	4,952
Total	6,727	-	-538	6,189	3,956	2,233	63.9%	9,861	8,455

Economic classification	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation n %	Final Appropriation R'000	Actual Payment R'000
Current									
Compensation to employees	4,462		-538	3,924	3,141	783	80.0%	3,523	3,087
Goods and services	2,138		-	2,138	804	1,334	37.6%	5,038	5,070
Transfers & subsidies									
Provinces & municipalities	14		-	14	9	5	64.3%	14	9
Dept agencies & accounts	2		-	2	2	2	0.0%	2	-
Households	-		-	-	2	-2	0.0%	181	242
Capital									
Machinery & equipment	11		-	11		11	0.0%	31	3
Land & subsoil assets	100			100		100	0.0%	1,072	44
Total	6,727	-	-538	6,189	3,956	2,233	63.9%	9,861	8,455

**DETAIL PER PROGRAMME 3 – PROVISION OF BUILDINGS, STRUCTURE & EQUIPMENT
for the year ended 31 MARCH 2005**

Programme per sub-programme	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appro- priation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appro- priation R'000	Actual Payment R'000
3.1 Personnel & Administration									
Current payment	167,866		-9,465	158,401	153,540	4,861	96.9%	169,249	158,353
Transfers and subsidies	3,653		1,031	4,684	4,659	25	99.5%	6,215	16,179
Expenditure for capital assets	254		62	316	72	244	22.8%	328	258
3.2 Buildings & Structures									
Current payment	51,361		-5,300	46,061	46,243	-182	100.4%	54,619	50,695
Expenditure for capital assets	33,090		25,819	58,909	64,382	-5,473	109.3%	32,647	22,192
3.3 Community Based Projects									
Current payment	1,714		-	1,714	48	1,666	2.8%	2,000	1,184
3.4 Prestige Furniture									
Expenditure for capital assets	546		-500	46	-	46	0.0%	529	2
Total	258,484	-	11,647	270,131	268,944	1,187	99.6%	265,587	248,863

Economic classification	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
Current									
Compensation to employees	148,802			139,737	139,643	94	99.9%	151,904	143,143
Goods and services	72,139		-9,065 -5,700	66,439	60,187	6,252	90.6%	73,964	67,091
Transfers & subsidies									
Provinces & municipalities	492		-	492	385	107	78.3%	489	393
Dept agencies & accounts	208		-	208	37	171	17.8%	150	7
Households	2,953		1,031	3,984	4,237	-253	106.4%	5,576	15,779
Capital									
Buildings & other fixed structures	32,308		26,215	58,523	64,307	-5,784	109.9%	31,887	21,515
Machinery & equipment	1,582		-834	748	148	600	19.8%	1,617	935
Total	288,484	-	11,647	270,131	268,944	1,187	99.6%	265,587	248,863

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**DETAIL PER PROGRAMME 4 – SPECIAL FUNCTION
for the year ended 31 MARCH 2005**

Programme per sub-programme	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
4.1 Thefts & Losses	-			-	649	-649	0.0%	-	82
Current payment	-			-	649	-649	0.0%	-	82
Total	-	-	-	-	649	-649	0.0%	-	82

Economic classification	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation n %	Final Appropriation R'000	Actual Payment R'000
Current									
Financial transactions in assets									
and liabilities	-			-	649	-649	0.0%	-	82
Total	-	-	-	-	649	-649	0.0%	-	82

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 MARCH 2005**

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**
Detail of these transactions can be viewed in note 11 (Transfers and subsidies) and Annexure 1 (A-K) to the Annual Financial Statements.
 2. **Detail of specifically and exclusively appropriated amounts voted (after Virement):**
Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.
 3. **Detail on financial transactions in assets and liabilities:**
Detail of these transactions per programme can be viewed in note 8 (Details of special functions (theft and losses)) to the Annual Financial Statements.
 4. **Explanations of material variances from Amounts Voted (after Virement):**
- 4.1 **Per programme:**

	Voted Funds after virement	Actual Expenditure	R'000	%
Administration	125,684	123,445	2,239	1.79
	Surplus is nominal			
Real Estate	6,189	3,956	2,233	36.08
	Mainly due to savings on rental for Highway House and the non-filling of key vacant posts			
Provision of	270,131	268,944	1,187	0.44
	Surplus is nominal			
Special Function	-	649	-649	0
	Write off of irrecoverable staff debts			

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 MARCH 2005**

4.2 Per economic classification:

	R'000
Current expenditure	
Compensation of employees	
Goods and services	1,441
Interest and rent on land	-27
Financial transactions in assets and liabilities	-
Unauthorised expenditure approved	-649
	-
Transfers and subsidies	
Provinces and municipalities	
Departmental agencies and accounts	124
Universities and technikons	163
Public corporations and private enterprises	-
Foreign governments and international organizations	-
Non-profit institutions	-
Households	-
	824
Payments for capital assets	
Buildings and other fixed structures	
Machinery and equipment	-5,784
Heritage assets	8,818
Biological assets	-
Software and other intangible assets	-
Land and sub soil assets	-
	100

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 MARCH 2005**

REVENUE	<i>Note</i>	2004/05 R'000	2003/04 R'000
Annual appropriation	1.	401,360	380,659
Statutory appropriation	2.	644	607
Departmental revenue	3.	3,595	2,952
TOTAL REVENUE		<u>405,599</u>	<u>384,218</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	4.	196,641	193,534
Goods and services	5.	116,914	113,503
Financial transactions in assets and liabilities	6.	649	82
Total current expenditure		<u>314,204</u>	<u>307,119</u>
Transfers and subsidies	9.	6,433	19,907
Expenditure for capital assets			
Buildings and other fixed structures	10.	64,307	21,515
Machinery and Equipment	10.	12,050	3,414
Land and subsoil assets	10.	-	44
Total expenditure for capital assets		<u>76,357</u>	<u>24,973</u>
TOTAL EXPENDITURE		<u>396,994</u>	<u>351,999</u>
NET SURPLUS / (DEFICIT)		8,605	32,219
NET SURPLUS / (DEFICIT) FOR THE YEAR		<u>8,605</u>	<u>32,219</u>
Reconciliation of Net Surplus / (Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	14.	5,010	29,267
Departmental revenue to be surrendered to revenue fund	15.	3,595	2,952
NET SURPLUS / (DEFICIT) FOR THE YEAR		<u>8,605</u>	<u>32,219</u>

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**STATEMENT OF FINANCIAL POSITION
as at 31 MARCH 2005**

	<i>Note</i>	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		274,883	134,670
Unauthorised expenditure	7.	7,853	14,010
Fruitless and wasteful expenditure	8.	-	716
Cash and cash equivalents	11.	116	9
Prepayments and advances	12.	93	107
Receivables	13.	266,821	119,828
TOTAL ASSETS		<u>274,883</u>	<u>134,670</u>
LIABILITIES			
Current liabilities		274,883	134,670
Voted funds to be surrendered to the Revenue Fund	14.	5,010	29,267
Departmental revenue to be surrendered to the Revenue Fund	15.	1,286	619
Bank overdraft	16.	263,664	100,535
Payables	17.	4,923	4,249
Non-current liabilities			
TOTAL LIABILITIES		<u>274,883</u>	<u>134,670</u>

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**CASH FLOW STATEMENT
for the year ended 31 MARCH 2005**

	<i>Note</i>	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		258,615
Annual appropriated funds received		401,360
Statutory appropriated funds received		644
Departmental revenue received		3,590
Net (increase)/decrease in working capital		-146,979
Surrendered to Revenue Fund		-32,195
Current payments		-306,657
Transfers and subsidies paid		-6,433
Net cash flow available from operating activities	18.	-86,670
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		-76,357
Proceeds from sale of capital assets	3.	5
Net cash flows from investing activities		-76,352
Net increase/(decrease) in cash and cash equivalents		-163,022
Cash and cash equivalents at beginning of period		-100,526
Cash and cash equivalents at end of period		-263,548

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments (Equitable Share)

	Final Appropriation	Actual Funds Received	Variance Over/(under)	Total Appropriation 2003/04
	R'000	R'000	R'000	R'000
Administration	125,684	125,684	-	105,818
Real Estate	6,189	6,189	-	9,861
Provision of Buildings, Structures & Equipment	270,131	270,131	-	265,587
Total	402,004	402,004	-	381,266

No variances

2. Statutory Appropriation

Member of executive committee/parliamentary officers

**2004/05
R'000**

**2003/04
R'000**

644

607

644

607

Statutory Appropriation for Minister of Works

3. Departmental revenue to be surrendered to revenue fund

Description

Sales of goods and services other than capital assets		1,671	1,422
Interest, dividends and rent on land		326	550
Sales of capital assets		5	57
Financial transactions in assets and liabilities	3.1	1,593	923
Total revenue collected		3,595	2,952
Departmental revenue collected		3,595	2,952

The amount collected exceeded the budget amount of R2,309m

3.1 Financial transactions in assets and liabilities

Nature of loss recovered

Cheques written back	87	-
Material losses recovered	-	343
Other	1,506	580
	1,593	923

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

	<i>Note</i>	2004/05 R'000	2003/04 R'000
4. Compensation of employees			
4.1 Salaries and wages			
Basic salary		142,493	140,080
Performance award		229	128
Service Based		924	59
Compensative/circumstantial		2,107	3,419
Other non-pensionable allowances		20,001	19,558
		165,754	163,244
4.2 Social contributions			
4.2.1 Short term employee benefits			
Pension		21,245	20,456
Medical		9,575	9,780
UIF		-	2
Bargain council		67	52
		30,887	30,290
Total compensation of employees		196,641	193,534
Average number of employees		2 305	2 312

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

	<i>Note</i>	2004/05 R'000	2003/04 R'000
5. Goods and services			
Advertising		7,596	4,230
Bank charges and card fees		1	-
Bursaries (employees)		639	970
Communication		6,936	6,633
Computer services		7,259	4,410
Consultants, contractors and special services		13,418	11,661
Courier and delivery services		1	7
Drivers licences and permits		1	1
Entertainment		504	19
External audit fees	5.1	1,134	2,057
Equipment less than R5 000		1,005	697
Inventory	5.2	3,668	3,396
Legal fees		620	57
Maintenance, repair and running costs		24,760	30,592
Operating leases		2,322	1,504
Resettlement costs		754	732
Owned and leasehold property expenditure		27,568	34,085
Travel and subsistence	5.3	14,136	10,826
Venues and facilities		2,864	847
Training & staff development		1,728	551
Water research/testing		-	228
		116,914	113,503
5.1 External audit fees			
Regulatory audits		1,134	2,057
Total external audit fees		1,134	2,057
5.2 Inventory			
Domestic Consumables		750	1,153
Learning and teaching support material		30	15
Fuel, oil and gas		93	71
Other consumables		-	79
Parts and other maint. Material		-	114
Sport and recreation		19	227
Stationery and Printing		2,653	1,723
Medical supplies		123	14
Total Inventory		3,668	3,396

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

	<i>Note</i>	2004/05 R'000	2003/04 R'000
5.3 Travel and subsistence			
Local		14,128	10,825
Foreign		8	1
Total travel and subsistence		14,136	10,826

6. Financial transactions in assets and liabilities

Other material losses written off	<i>6.1</i>	-	82
Debts written off	<i>6.2</i>	649	-
		649	82

**6.1 Other material losses written off in Statement
of Financial Performance**

Nature of losses

Losses damage to building	-	6
Miscellaneous losses	-	2
Supplies and equipment thefts & loss	-	10
Vehicles collision damage	-	63
Other	-	1
	-	82

6.2 Bad debts written off

Nature of debts written off

Irrecoverable staff debts	649	-
	649	-

6.3 Details of theft and losses

Vehicles (collision, theft & theft of parts)	730	-
Damage to property	48	-
Other	150	-
	928	-

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

	<i>Note</i>	2004/05 R'000	2003/04 R'000
7. Unauthorised expenditure			
7.1 Reconciliation of unauthorised expenditure			
Opening balance		14,010	14,010
Transfer to receivables for recovery		-6,157	-
Unauthorised expenditure awaiting authorisation		<u>7,853</u>	<u>14,010</u>
Unauthorised expenditure			
7.2 Incident	Disciplinary steps taken/ Criminal proceedings		Total
Admin error	SCOPA Res 91 of 2003 Recommends authorisation		234
Unauthorised exp	prior to 2000 reintroduced by Treasury 2003/04		6,903
			<u><u>7,137</u></u>
8. Fruitless and wasteful expenditure			
8.1 Reconciliation of fruitless and wasteful Expenditure			
Opening balance		716	716
Transfer to receivables for recovery		-716	-
Fruitless and wasteful expenditure awaiting Condonement		<u>-</u>	<u>716</u>
Fruitless and wasteful expenditure			
Rem of Park Home		-	3
Premises vacated prior termination of lease		-	33
Repairs to building after termination of lease		-	677
Overpayment of contractor not recovered		-	3
		<u>-</u>	<u>716</u>
9. Transfers and subsidies			
Provinces and municipalities	<i>ANN. 1B & 1C</i>	544	530
Departmental agencies and accounts	<i>ANN. 1D</i>	406	839
Households	<i>ANN. 1I</i>	5,483	18,538
		<u>6,433</u>	<u>19,907</u>

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

		2004/05 R'000	2003/04 R'000			
10. Expenditure for capital assets						
Buildings and other fixed structures	ANN. 4	64,307	21,515			
Machinery and equipment	ANN. 4	12,050	3,414			
Land and subsoil assets	ANN. 4	-	44			
Total		76,357	24,973			
11. Cash and cash equivalents						
Consolidated Paymaster General Account		7	-			
Cash receipts		96	-			
Cash on hand		13	9			
		116	9			
12. Prepayments and advances						
Description						
Travel and subsistence		93	107			
		93	107			
13. Receivables						
		Less than one year	One to three years	Older than three years	Total	Total
Amounts owing by other entities	ANN. 6	205,143	40,151	-	245,294	110,405
Staff debtors	13.1	774	6,866	1,657	9,297	1,286
Clearing accounts	13.2	71	-	-	71	-
Other debtors	13.3	-	12,159	-	12,159	8,137
		205,988	59,176	1,657	266,821	119,828

Amounts of R1 500 000 (2004 : R600 000) included above may not be recoverable, but has not been written off in the Statement of Financial Performance

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

	2004/05 R'000	2003/04 R'000
13.1 Staff debtors		
Disallowances damages and losses ca	5,830	-
Disallowances damages and losses recoverable ca	1,247	-
Salary medical aid cl	2	-
Salary income tax cl	242	-
Salary reversal control ca	871	49
Salary financial institutions study loans cl	1	-
Salary tax debt ca	89	45
Debt account ca	1,015	1,084
Salary deduction disallowance	-	108
	9,297	1,286
13.2 Clearing accounts		
Advances National Departments	71	-
	71	-
13.3 Other debtors		
Nature of advances		
Other (conversion debt and other)	-	6,879
Claims recoverable National Departments	-	1,244
KZN Wildlife	-	14
Claims from third parties	12,159	-
	12,159	8,137
14. Voted Funds to be surrendered to the Revenue Fund		
Opening balance	29,267	-
Transfer from Statement of Financial Performance	5,010	29,267
Paid during the year	-29,267	-
Closing balance	5,010	29,267
15. Departmental revenue to be surrendered to revenue fund		
Opening balance	619	-
Transfer from Statement of Financial Performance	3,595	2,952
Paid during the year	-2,928	-2,333
Closing balance	1,286	619

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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				2004/05 R'000	2003/04 R'000
16. Bank overdraft					
Paymaster General Account				263,664	100,535
				<u>263,664</u>	<u>100,535</u>
17. Payables – current					
				2004/05	2003/04
Description		30 Days	30+ Days	Total	Total
Advances received	17.1	-	528	528	1,420
Clearing accounts	17.2	1,491	774	2,265	1,628
Other payables	17.3	237	1,893	2,130	1,201
		1,728	3,195	4,923	4,249
17.1 Advances received					
National Public Works				301	1,159
Finance inventory				227	261
				<u>528</u>	<u>1,420</u>
17.2 Clearing accounts					
Salary Regional Service Council Account cl				1	-
Salary Pension Fund cl				28	1,483
Salary acb recalls				630	-
Salary deduction disallowance				163	-
Salary disallowance account				1	-
Salary bargaining council cl				2	-
Damaged vehicles				6	-
Debt suspense account				2	-
Debt receivable income				241	-
Debt receivable interest				85	-
Inter-responsibility account				1,106	-
Salary income tax cl				-	145
				<u>2,265</u>	<u>1,628</u>

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

	<i>Note</i>	2004/05 R'000	2003/04 R'000
17.3 Other payables			
Tender Deposits		2,130	1,201
		2,130	1,201
18. Reconciliation of net cash flow from operating activities to surplus/(deficit)			
Net surplus/(deficit) as per Statement of Financial Performance		8,605	
(Increase)/decrease in receivables - current		-146,993	
(Increase)/decrease in prepayments and advances		14	
(Increase)/decrease in other current assets		6,873	
Increase/(decrease) in payables - current		674	
Proceeds from sale of equipment		-5	
Surrenders		-32,195	
Capital expenditure		76,357	
Net cash flow generated by operating activities		-86,670	
19. Appropriated funds and departmental revenue surrendered			
Appropriated funds surrendered		5,010	29,267
Departmental revenue surrendered		3,595	2,952
		8,605	32,219

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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

These amounts are not recognized in the financial statements and are disclosed to enhance the usefulness of the financial statements.

		<i>Note</i>	2004/05 R'000	2003/04 R'000
20. Contingent liabilities				
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annexure 3</i>	862	1,289
Claims			16,994	4,800
Other departments (unconfirmed balances)		<i>Annexure 7</i>	87	-
Capped Leave Commitments			53,859	62,814
			71,802	68,903
21. Commitments				
Current expenditure				
Approved and contracted			72,227	10,487
Approved but not yet contracted			60,392	-
			132,619	10,487
Capital expenditure				
Approved and contracted			29,312	53,174
Approved but not yet contracted			175,556	211
			204,868	53,385
Total Commitments			337,487	63,872
22. Accruals				
By economic classification	30 Days	30+ Days	Total	Total
Compensation of employees	13	-	13	-
Goods and services	4,918	1,244	6,162	3,824
Transfers and subsidies	76	11	87	-
Buildings and other fixed structures	10,085	425	10,510	-
Machinery and Equipment	1,329	41	1,370	-
			18,142	3,824
Listed by programme level				
Administration			3,396	2,503
Real Estate			4	1
Provision of Buildings, Structures & Equipment			14,742	1,320
			18,142	3,824
Confirmed balances with other departments		<i>Annexure 7</i>	1,607	-
			1,607	-

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

	Note	2004/05 R'000	2003/04 R'000	
23. Employee benefits				
Leave entitlement		59,088	68,912	
Thirteenth cheque		11,445	11,299	
Performance awards		229	128	
		70,762	80,339	
24. Leases				
	Buildings & other fixed structures	Machinery and equipment	Total	Total
24.1 Operating leases				
Not later than 1 year	-	407	407	583
Later than 1 year and not later than 3 years	215	997	1,212	1,930
Later than three years	438	261	699	5,570
Total present value of lease liabilities	653	1,665	2,318	8,083
Total present value of lease liabilities	653	1,665	2,318	8,083
25. Irregular expenditure				
25.1 Reconciliation of irregular expenditure				
Opening Balance			159	159
Irregular expenditure awaiting condonement			159	159
25.2 Irregular expenditure				
Incident	Disciplinary steps taken / Criminal proceedings		-	159
			-	159
Analysis				
Prior years			159	159
			159	159

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

26. Senior management personnel

- The Minister, Deputy Ministers, Director-General	619	543
- Deputy Director Generals	907	708
- General Managers	1,725	1,852
- Managers	7,800	6,461
	<u>11,051</u>	<u>9,564</u>

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

**ANNEXURE 1C
STATEMENT OF CONDITIONAL / NON CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT			2003/04	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000		% of Available funds spent by municipality %
NON CONDITIONAL PAYMENTS TO MUNICIPALITIES										
Ethekwini	164	-	-	164	125	76,2%	-	-	0.0%	122
Umgungundlovu	101	-	-	101	81	80,2%	-	-	0.0%	79
Ugu	11	-	-	11	7	63,6%	-	-	0.0%	7
Uthungulu	28	-	-	28	26	92,9%	-	-	0.0%	25
Umkhanyathi	37	-	-	37	28	75,7%	-	-	0.0%	27
Uthukela	53	-	-	53	42	79,2%	-	-	0.0%	41
Zululand	226	-	-	226	194	85,8%	-	-	0.0%	189
Ilembe	12	-	-	12	9	75,0%	-	-	0.0%	9
Umkhanyakude	36	-	-	36	32	88,9%	-	-	0.0%	31
668					-	-	668	544	530	

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

**ANNEXURE 1D
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

AGENCY/ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2003/04 Final Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %
Compensation Commissioner	357	-	-	357	276	77,3%
SDL	212	-	-	212	130	61,3%
	569	-	-	569	406	
						839

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

**ANNEXURE 1I
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Final Appropriation Act R'000
NON PROFIT ORGANISATION							
Transfers							
H/H : Empl social benefit	5,276	-	1,031	6,307	5,483	86,9%	18,538
Total	5,276	-	1,031	6,307	5,483		18,538

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

**ANNEXURE 3
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital Amount R'000	Opening Balance 01/04/2004 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31 March 2005 R'000	Closing Balance 31/03/2005 R'000	Realised losses i.r.o. claims paid out R'000
	Housing							
ABSA		450	283	-	189	-	94	-
Boe Bank		-	240	-	240	-	-	-
Firststrand Bank		1,018	255	-	60	-	195	-
Ithala		561	122	-	13	-	109	-
Nedbank		386	-	-	-48	-	48	-
Old Mutual (Permanent Bank)		956	158	-	-15	-	173	-
Saambou Bank		-	63	-	63	-	-	-
Standard Bank		863	168	-	27	-	141	-
Peoples Bank		491	-	-	-102	-	102	-
Total		4,725	1,289	-	427	-	862	-

PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005

ANNEXURE 4
PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Dwellings	64,307	-	-	-
Non-residential buildings	-	-	-	-
	64,307	-	-	-
MACHINERY AND EQUIPMENT				
Computer equipment	12,050	-	-	-
Furniture and office equipment	4,567	-	-	-
Other machinery and equipment	1,242	-	-	-
Transport assets	75	-	-	-
	6,166	-	-	-
LAND AND SUBSOIL ASSETS				
Land	-	-	-	-
	-	-	-	-
	76,357	-	-	-

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

**ANNEXURE 4 (continued)
PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004**

	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Dwellings	21,515	-	-	-
Non-residential buildings	960	-	-	-
	20,555	-	-	-
MACHINERY AND EQUIPMENT				
Computer equipment	3,414	4	-	-
Furniture and office equipment	1,327	-	-	-
Other machinery and equipment	745	4	-	-
Transport assets	677	-	-	-
	665	-	-	-
LAND AND SUBSOIL ASSETS				
Land	44	-	-	-
	44	-	-	-
	24,973	4	-	-

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

**ANNEXURE 6
INTER-GOVERNMENTAL RECEIVABLES**

Government Entity	Confirmed balance		Unconfirmed balance	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Agriculture	4,851	-	11,121	3,407
Arts, Culture & Tourism	-	-	392	-
Economic Development	386	-	474	402
Education	51,188	-	67,006	37,979
Provincial Treasury	-	-	495	-
Health	55	-	19,554	38,676
Housing	-	-	309	783
Premier	-	-	34,402	4,421
Provincial Parliament	-	-	13,584	5,713
The Royal Household	-	-	2,407	2,253
Safety & Security	30	-	-	82
Traditional & Local Government Affairs	-	-	4,419	2,910
Transport	-	-	2,279	3,792
Social Welfare & Population Development	2,673	-	27,737	9,987
South African Police Services	35	-	-70	-
Department of Home Affairs	-	-	36	-
National Public Works	-	-	1,486	-
	59,218	-	185,631	110,405
Other Government Entities				
KZN Sharks	-	-	407	-
KZN Wildlife	-	-	38	-
	-	-	445	-
TOTAL	59,218	-	186,076	110,405

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005**

**ANNEXURE 7
INTER-DEPARTMENTAL PAYABLES – CURRENT**

GOVERNMENT ENTITY	Confirmed Balance		Unconfirmed Balance	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
Department				
Amounts not included in Statement of financial position				
Current:				
Department of Transport	1,505	-	-	-
Department of Justice	99	-	87	-
Department of Housing	3	-	-	-
Subtotal	1,607	-	87	-
Total	1,607	-	87	-

**PROVINCE OF KWAZULU-NATAL – DEPARTMENT OF WORKS
VOTE 14**

**EXCEPTION REPORT
for the year ended 31 MARCH 2005**

No of Integrity Checks to Complete	-
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PART 6

REPORT ON HUMAN RESOURCE MANAGEMENT – 2004/2005 (OVERSIGHT REPORT)

PUBLIC SERVICE REGULATIONS

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether departments:-

- Are exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,
- Are achieving national transformation priorities established by the Cabinet, for example, affirmative action.

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders.

The Department of Public Service and Administration (DPSA) revises the tables in this report on a regular basis. If you wish to see additional information included in this report, please send suggestions (with a clear motivation) to:-

The Director-General
Department of Public Service and Administration
ATTENTION: Public Service Information Unit
P.O. Box 916, Pretoria, 0001
psiu@dpsa.gov.za
fax: (012) 314-7020

To ensure that enough time is available to evaluate and incorporate your suggestions, please ensure that all submissions are submitted on or before 31 August.

For a detailed description and explanation of the terminology used in this section of the report, please consult the publication from the DPSA entitled 'A guide to understanding the oversight report of departmental annual reports'. A copy of the guide is available from all departments or can be accessed from the DPSA website (www.dpsa.gov.za).

1. Service delivery

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

Table 1.1 – Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
1. Recruitment and selection of prospective employees.	General public, other state employees, Departmental employees.	Unchanged/ same	Posts are advertised within 5 working days upon request .	- Recruitment process finalized within one and half months at the most.
Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
2. Management of employment changes within the Department (staff mobility)	Departmental employees, other Government employees and employees.	Same	Timeous finalization per our service Commitment Charter	- Service terminations finalized within the officials last month of service. - Finalisation of transfers within one month of request.
3. Human Resource Development	Departmental employees; Prospective employees; Accredited Training service providers	Prospective employees (18.2)	Compliance with Skills Development and Skills Levies Act.	Development and implementation of W.S.P.
4. Development and implementation of Employee Assistance Programmes and HIV/AIDS Programmes.	- Departmental employees. - Immediate family members	Contractors and consultants employed by the Department.	Maintain and improve confidentiality.	A reviewed HIV/AIDS Policy and an Employee Assistance Programme.
5. Mainstreaming equity (gender, disability) throughout the Department's policies, programmes and practices.	- Departmental employees - Office of the Premier - Department of Labour - Prospective employees - Department of Public Service & Administration	Same	Compliance with National targets and stated time frames	- Continuous monitoring of the implementation of the existing EE Plan. - Buildings made accessible to people with disabilities throughout the province. Audit conducted within the Departmental staff to identify needs and provide assistance devices. 10% Black female at senior management level against the National target of 30%.

Table 1.2 – Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
1. Consultative forums; Roadshows/workshops internal circulars; newsletters.	Departmental employees	Same	- Elimination of communication barriers - Awareness of Department Policies amongst staff
2. Departmental Policy Forum	Organised labour/Unions	Same	- Acceptance and subsequent approval of the policies. - Informed line managers and staff

Table 1.3 – Service delivery access strategy

Access Strategy	Actual achievements
* Establishment of Help desk for EAP Services	Trained EAP focal persons
* Help desk services for SMME's	Accurately completed tender documentation. Awareness and training for SMME's
* Conversion of state building for easy access to people with disabilities.	Buildings converted by the Department as well as for client departments.

Table 1.4 – Service information tool

Types of information tool	Actual achievements
Departmental website, newsletters, memo's, and Ukhozi standing slot.	Posting of tender documents, SOP's Policies, Translation of policies into Isizulu

Table 1.5 – Complaints mechanism

Complaints Mechanism	Actual achievements
<ul style="list-style-type: none"> Fault logging office per region Whistle blowing toll free lines Suggestion box 	Fully functioning Help desk services

2. **Expenditure – (01/04/2004 – 30/09/2004)**

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 2.1 – Personnel costs by programme, 2004/05

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
(Admin) Prog 1	123,411	53,857	0	0	43.6	23
(R/Estates) Prog 2	3,990	3,141	0	0	78.7	1
(Prof/Tech) Prog 3	268,944	139,643	0	0	51.9	59
TOTAL	396,345	196,641	0	0	49.6	83

TABLE 2.2 – Personnel costs by salary bands, 2004/05

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	57,922	29.5%	45,788
Skilled (Levels 3-5)	28,741	14.6%	70,965
Highly skilled production (Levels 6-8)	66,165	33.6%	120,519
Highly skilled supervision (Levels 9-12)	27,169	13.8%	230,246
Senior management (Levels 13-16)	10,710	5.4%	510,000
Total	190,707	96.9%	977518

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2004/05

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
1	37,700	70.0%	91	0.2	490	0.9%	2963	5.5%
2	2,304	73.4%	0	0	30	1.0%	177	5.6%
3	98,854	70.8%	685	0.5	1390	1%	6189	4.4%
Total	138,858	70.6%	776	0.4	1910	1.0%	9329	4.7%

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2004/05

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	44,105	76.1%	497	0.8%	503	0.8%	2314	4.0%
Skilled (Levels 3-5)	21,346	74.3%	170	0.2%	297	1%	1806	6.3%
Highly skilled production (Levels 6-8)	47,237	71.4%	97	0.1%	831	1.3%	3930	5.9%
Highly skilled supervision (Levels 9-12)	19,747	72.7%	13	0	279	1.0%	956	3.5%
Senior management (Levels 13-16)	6,422	60.0%	0	0	0	0	322	3.0%
Total	138,857	72.8%	777	0.4%	1910	1.0%	9328	4.9%

3. Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, @ 31 March 2005

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
1	860	476	44.7	4
2	74	30	59.5	0
3	2729	1852	32.1	23
Total	3663	2358	35.6	27

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2005

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	1603	1281	20.1	13
Skilled (Levels 3-5)	761	382	49.8	2
Highly skilled production (Levels 6-8)	997	559	43.9	5
Highly skilled supervision (Levels 9-12)	267	115	56.9	6
Senior management (Levels 13-16)	35	21	40	1
Total	3663	2358	35.6	27

TABLE 3.3 – Employment and vacancies by critical occupation, @ 31 MARCH 2005

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Engineer	43	13	69.8	0
Architect	32	14	56.3	5
Quantity Surv	44	6	86.4	0
Wks Inspector	294	133	54.8	0
Total	413	166	59.8	5

The information in each case reflects the situation as at 30 September 2004. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4. Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 4.1 – Job Evaluation, 1 April 2004 to 31 March 2005

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	1603	0	0	0	0	0	0
Skilled (Levels 3-5)	761	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	997	16	1.6	0	0	1	0.1
Highly skilled supervision (Levels 9-12)	267	37	13.9	10	3.7	0	0
Senior Management Service Band A	29	1	3.4	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D		0	0	0	0	0	0
Total	3663	54	1.5	10	0.3	1	0.03

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2004 to 31 March 2005

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	2	0	0	2
Male	1	0	0	1	2
Total	1	2	0	1	4
Employees with a disability					

5. Employment Changes

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2004 to 31 March 2005

Salary Band	Number of employees per band as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	1249	181	101	8.1
Skilled (Levels 3-5)	360	27	20	5.6
Highly skilled production(Levels 6-8)	568	21	39	6.9
Highly skilled supervision(Levels 9-12)	113	8	13	11.5
Senior Management Service Band A	17	2	2	11.8
Senior Management Service Band B	1	0	0	0
Senior Management Service Band C	5	0	0	0
Senior Management Service Band D	0	0	0	0
Total	2313	239	175	7.6

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2004 to 31 March 2005

Occupation:	Number of employees per occupation as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineer	16	8	2	12.5
Architect	16	2	5	31.3
Quantity Surveyor	9	0	3	33.3
Works Inspector	117	9	8	6.8
Total	158	19	18	11.4

Table 5.3 identifies the major reasons why staff left the department.

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	56	32
Resignation	40	22.9
Dismissal – operational changes (SEVERANCE)	1	0.6
Dismissal – misconduct	2	1.1
Dismissal – inefficiency	0	0
Discharged due to ill-health	41	23.4
Retirement	28	16
Transfers to other Public Service Departments (& redeployments within Dept)	0	0
Expiry of Contract	7	4
Other		
Total	175	100
Total number of employees who left as a % of the total employment		7.6

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Engineer	16	0	0	9	56.3
Architect	16	2	12.5	8	50
Quant Surv	9	0	0	2	22.2
Wks Insp	117	1	0.9	53	45.3
Total	158	3	1.9	72	45.6

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2004	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	1249	8	0.6	948	75.9
Skilled (Levels 3-5)	360	3	0.8	271	75.3
Highly skilled product (Levels 6-8)	568	19	3.3	417	73.4
Highly skilled supervision (Levels 9-12)	113	11	9.7	49	43.4
Snr management (Levels 13-16)	23	1	4.3	2	8.7
Total	2313	42	1.8	1687	72.9

6. Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2005

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	0	0	8	2	0	1	0	21
Professionals	43	2	13	38	42	1	7	16	162
Clerks	98	2	15	4	231	5	26	50	431
Service and sales workers	211	0	0	6	16	0	0	0	233
Craft and related trades workers	247	19	30	42	41	0	0	0	379
Technicians and associate professionals	8	0	0	0	5	0	0	0	13
Skilled agric and fishery	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	88	2	5	0	1	0	0	0	96
Elementary occupations	712	0	11	2	298	0	0	0	1023
Total	1417	25	74	100	636	6	34	66	2358
Employees with disabilities	0	0	0	2	0	0	0	0	2

6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	1	1	0	0	0	5
Senior Management	8	0	0	6	2	0	0	0	16
Professionally qualified and experienced specialists and mid-management	36	6	13	47	19	0	6	10	137
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	223	15	36	37	154	2	17	46	530
Semi-skilled and discretionary decision making	226	4	16	3	140	4	11	10	414
Unskilled and defined decision making	921	0	9	6	320	0	0	0	1256
Total	1417	25	74	100	636	6	34	66	2358

6.3 – Recruitment for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	1	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	2	0	0	1	3	0	0	2	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	9	0	1	3	7	0	1	0	21
Semi-skilled and discretionary decision making	7	1	2	0	13	0	3	1	27
Unskilled and defined decision making	101	0	0	0	79	0	1	0	181
Total	120	1	3	5	102	0	5	3	239
Employees with disabilities	0	0	0	0	0	0	0	0	0

6.4 – Promotions for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	17	2	5	22	4	0	3	8	61
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	180	6	20	31	131	2	20	48	438
Semi-skilled and discretionary decision making	160	2	7	3	91	1	4	7	275
Unskilled and defined decision making	705	0	5	6	242	0	0	1	959
Total	1064	10	37	63	468	3	27	64	1736
Employees with disabilities	0	0	0	2	0	0	0	0	2

6.5 – Terminations for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	
Senior Management	0	0	0	3	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	2	0	0	9	2	0	0	1	14
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	24	0	2	5	8	0	2	2	43
Semi-skilled and discretionary decision making	17	0	2	0	2	0	0	0	21
Unskilled and defined decision making	88	0	0	1	23	0	1	0	113
Total	131	0	4	18	35	0	3	3	194
Employees with disabilities	0	0	0	0	0	0	0	1	1

6.6 – Disciplinary action for the period 1 April 2004-31 March 2005

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	0	0	0	0	0	0	0	0	0

6.7 – Skills development for the period 1 April 2004 – 31 March 2005

Occupational categories	Male				Female				Total
	African	coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	2	3	4	1	0	3	0	16
Professionals	0	0	0	3	0	0	0	0	3
Technicians and associate professionals	4	3	1	3	1	0	1	0	13
Clerks	5	0	2	1	8	0	7	14	37
Servi & sales wrks	0	0	0	0	0	0	0	0	0
Skilled agricult & fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	1	0	0	0	0	1
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Elementary occupations	0	0	0	1	0	0	0	0	1
Total	13	5	0	1	0	0	0	0	1
Employees with disabilities	1	0	0	1	0	0	0	0	2

7. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

TABLE 7.1 – Performance Rewards by race, gender, and disability, 01/04/2004 – 31/03/05

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (Actual)	Average cost per employee
African					
Male	0	1417	0	0	0
Female	1	636	0.2	17	17
Asian					
Male	0	74	0	0	0
Female	0	34	0	0	0
Coloured					
Male	0	25	0	0	0
Female	0	6	0	0	0
White					
Male	0	98	0	0	0
Female	1	66	1.5	3	3
Employees with a disability	0	2	0	0	0
Total		2358	0.1	20	10

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2004 to 31 March 2005

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	1	1265	0.1	3	3.000	0.03
Skilled (Levels 3-5)	0	405	0	0	0	0
Highly skilled production (Levels 6-8)	0	549	0	0	0	
Highly skilled supervision (Levels 9-12)	1	118	0.8	17	17.000	0.17
Total	2	2337	0.1	20	10.000	0.2

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2004 to 31 March 2005

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Engineer	0	0	0	0	0
Architect	2	2	100	32	16
Quant Surv	1	1	100	38	38
Wks Insp	6	31	19.35	88	15
Total	9	34	26.47	158	17

TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	0	12	0	0	0	0
Band B	0	4	0	0	0	0
Band C	0	5	0	0	0	0
Band D						
Total	0	21	0	0	0	0

8. Leave utilisation for the period 1 January 2004 to 31 December 2004

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 8.1) and disability leave (Table 8.2). In both cases, the estimated cost of the leave is also provided.

TABLE 8.1 – Sick leave, 1 January 2004 to 31 December 2004

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	6406	74.5	627	9.8	10	884
Skilled (Levels 3-5)	2551	72.2	266	10.4	10	490
Highly skilled production (Levels 6-8)	3936	72.4	400	10.2	10	1,271
Highly skilled supervision (Levels 9-12)	418	78.9	65	15.6	6	261
Senior management (Levels 13-16)	23	91.3	4	17.4	6	41
Total	13334	73.7	1362	10.2	10	2947

TABLE 8.2 – Disability leave (temporary and permanent), 1 January 2004 to 31 December 2004

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	480	100	17	51.5	28	66
Skilled (Levels 3-5)	443	100	8	24.2	55	80
Highly skilled production (Levels 6-8)	152	100	8	24.2	19	54
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	1075	100	33	100	33	200

Table 8.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 8.3 – Annual Leave, 1 January 2004 to 31 December 2004

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	25527.2	23
Skilled Levels 3-5)	8125	22
Highly skilled production (Levels 6-8)	12252	22
Highly skilled supervision(Levels 9-12)	2387	21
Senior management (Levels 13-16)	330	17

TABLE 8.4 – Capped leave, 1 January 2004 to 31 December 2004

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 30/09/2004
Lower skilled (Levels 1-2)	450	5	95
Skilled Levels 3-5)	133	6	137
Highly skilled production (Levels 6-8)	122	6	129
Highly skilled supervision(Levels 9-12)	50	7	97
Senior management (Levels 13-16)	2	2	149
Total	757	6	110

TABLE 8.5 – Leave payouts for the period 1 April 2004 to 31 March 2005

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2003/04 due to non-utilisation of leave for the previous cycle	28	3	9.33
Capped leave payouts on termination of service for 2003/04	343	102	3.36
Current leave payout on termination of service for 2003/04	35	13	2.69
Total	406	118	3.44

9. ***HIV/AIDS & Health Promotion Programmes***

TABLE 9.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Staff between salary levels 1-7 involved in the line function i.e workshop staff, artisans, grass cutters, cleaners, due to accidents which may occur on site	Advocacy roadshows to emphasize preventative precautions
	Ensuring that Regions have dedicated Safety Officers to ensure safe work practices and procedures
	Provision of protective clothing, first aid kits

TABLE 9.2 – Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Yes, Mrs. S.S. Nzimande (Manager: HRM).

Question	Yes	No	Details, if yes
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The Department has an Employee Assistance Programme (EAP) Division tasked to implement and co-ordinate EAP and HIV and AIDS programmes addressing health and social well-being of employees. EAP is one of the Special Programmes core functions. There are six employees involved in this task, the Deputy Manager: Special Programmes (Mrs P Pillay), Assistant Manager: EAP (Mr NE Shongwe), and 4 EAP: Practitioners (Miss D Hlongwane, Miss N Khumalo, Miss N Zwane, Mrs S Nursoo). R2 million of the budget has been allocated towards the Employee Assistance Programme (EAP).

Question	Yes	No	Details, if yes
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		The Departmental EAP focuses on addressing employees personal problems e.g. marital, domestic, family & relationship problems, substance abuse (alcohol, drugs etc), workplace violence and trauma counseling, financial problems, stress (job, social, family) and HIV and AIDS workplace management (Face to face and telephonic counseling services, awareness & prevention, voluntary counseling and testing information, pre-counseling, post-counseling, support groups management, HIV and AIDS hotlines through Help Desk services, care and support: i.e. immune boosters, antiretroviral treatment, blood tests / transfusions etc, referral to relevant Medical specialists and HIV and AIDS institutions such as clinics, hospitals, NGOs, other Departments etc, counseling services through trained HIV and AIDS lay counselors and EAP: Practitioners.

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		<p>The Department has a Special Programmes Committee where EAP, Employment Equity and HIV and AIDS workplace management issues are discussed. Members are as follows:</p> <p>Mrs P Pillay (Chairperson- Deputy Manager: Special Programmes) Mr NE Shongwe (Assistant Manager: Employee Assistance) Mrs LF Luthuli (Assistant Manager: Employment Equity) Mr Nzimande (Deputy Manager: Labour Relations) Mrs INN Zwane (Deputy Manager: HR Provisioning – Head Office) Mr QG Mgobozi (Deputy Manager: HR Utilisation – Head Office) Mrs G Makhaye (Deputy Manager: Admin Southern Region) Mr E McNamara (Assistant Manager: HR Midlands Region) Mr B Thabede (Assistant Manager: HR South Coast Region) Mrs D Kendall (Assistant Manager: HR Ethekewini Region) Mr Cele (NUPSAW) Mr Budram (NEHAWU) Mr Mooloo (PSA)</p>

Question	Yes	No	Details, if yes
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		The Employee Assistance Programme and HIV and AIDS policy.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.			The Department is using a reference system where employees coming for assistance in the EAP are identified using DOW (Department of Works) reference numbers (e.g. DOW 00) to help ensure confidentiality. These are used by the service providers so that correspondence and invoices for payments reflect numbers instead of names. Secondly, where an official vehicle has to be used to transport a client to a doctor, the reference number is used on the itinerary which is given to transport section and the EAP Practitioner who is transporting the client will keep an itinerary with the name of the client if the car is pulled over for inspection by the traffic police. In addition, the departmental HIV policy clearly prohibits any discrimination against a person who is HIV positive or has AIDS, whether its recruitment, promotion or training and development.

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		As mentioned above, among other sub-programmes under EAP is the Voluntary Counseling (VCT) information and campaigns. There has been an increase in the number of employees coming forward for assistance in respect of the HIV and AIDS workplace management programme and those receiving services from external sources e.g. clinics, hospitals, medical practitioners etc. 36 staff members have undergone VCT. These employees are on immune and anti retro-viral therapy (where necessary). Only three have passed away as they were at a very advanced stage and nothing could be done. However, the other 33 are doing very well and are regularly examined by medical practitioners and constantly given advice and counseling.

Question	Yes	No	Details, if yes
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Certain HR areas are considered to be success indicators, monitoring and evaluation measures e.g. Number of sick and special leave taken, late coming, absenteeism, and improved service delivery through improved job performance of employees who are on the programme.

10. Labour Relations

The following collective agreements were entered into with trade unions within the department.

TABLE 10.1 – Collective agreements, 1 April 2004 to 31 March 2005

Subject Matter	Date
Dispute Resolution Proceeding	31 st March 2005
Roles of Conduct of Proceeding before PSCBC	03 MARCH 2005
Long Service Reward	10 February 2005
Establishment of Provincial Chambers of PSCBC	10 February 2005
Agency Shop Agreement	10 February 2005
Agreement on Improvement in salaries and other conditions of service for the period 2004/05; 2005/06 and 2006/07	29 September 2005
Appointment of panel of arbitrators and conciliators	23 June 2005

If there were no agreements, then use the following table

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

TABLE 10.2 – Misconduct and disciplinary hearings finalised, 1 April 2004 to 31 March 2005

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	7.7
Verbal warning	0	0
Written warning	1	7.7
Final written warning	2	15.4
Suspended without pay	2	15.4
Fine	0	0
Demotion	0	0
Dismissal	4	30.8
Not guilty	1	7.7
Case withdrawn	2	15.4
Total	13	100

If there were no disciplinary hearings, then use the following table

Disciplinary hearings – 2003/04	None
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TABLE 10.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Negligence	2	33.3
Intimidating Threats	1	16.7
Unsatisfactory work performance	0	0
Coming to work under influence of alcohol	0	0
Use of abusive language	1	16.7
Abuse of State equipment viz. Telephone	1	16.7
Failure to adhere to official hours	0	0
Failure to comply with leave procedure	0	0
Failure to comply with given instructions	0	0
Failure to attend a counseling session	0	0
Unauthorised absence	0	25
Theft	1	16.7
Total	6	

TABLE 10.4 – Grievances lodged for the period 1 April 2004 to 31 March 2005

	Number	% of Total
<i>Number of grievances resolved</i>	12	13.9
Number of grievances not resolved	31	36
Total number of grievances lodged	43	50
Total	86	100

TABLE 10.5 – Disputes lodged with Councils for the period 1 April 2004 to 31 March 2005

	Number	% of Total
<i>Number of disputes upheld</i>	3	27.3
Number of disputes dismissed	1	9.1
Total number of disputes lodged	7	63.6
Total	11	100

TABLE 10.6 – Precautionary suspensions – 01/04/ 2004 to 31/03/2005

<i>Number of people suspended</i>	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	120
Cost (R'000) of suspensions	N/A

11. Skills development

This section highlights the efforts of the department with regard to skills development.

11.1 – Training needs identified 1 April 2004 to 31 March 2005

Occupational Categories		Number of employees as at 1 April 2003	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legisl, snr offs and managers	Female					
	Male					
Professionals	Female					
	Male					
Technicians & assoc prof	Female					
	Male					
Clerks	Female					
	Male					
Service and sales workers	Female					
	Male					
Skilled agric & fish workers	Female					
	Male					
Craft & rel trades workers	Female					
	Male					
Plant & mach oper & assem	Female					
	Male					
Elementary occupations	Female					
	Male					
Sub Total	Female					
	Male					
Total						

In 2004/2005 a Workplace Skills Plan for the Department was not completed, thus skills development/ training needs were not identified.

11.2 – Training provided 1 April 2004 to 31 March 2005

Occupational Categories		Number of employees as at 1 April 2004	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	3	0	4	0	4
	Male	17	0	12	0	12
Professionals	Female	0	0	0	0	0
	Male	6	0	3	0	3
Technicians and associate professionals	Female	2	0	2	0	2
	Male	26	0	11	0	11
Clerks	Female	44	0	29	0	29
	Male	19	0	8	0	8
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	18	0	1	0	1
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	10		1	0	1
Elementary occupations	Female	18	0	1	0	1
	Male	78	0	0	0	0
Sub Total	Female	68	0	36	0	36
	Male	174	0	36	0	36
Total		242		72	0	72

12. Injury on duty

The following tables provide basic information on injury on duty.

TABLE 12.1 – Injury on duty, 1 April 2004 to 31 March 2005

Nature of injury on duty	Number	% of total
Required basic medical attention only	28	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	28	100

13. Utilisation of Consultants

UTILIZATION OF CONSULTANTS 1 APRIL 2004 TO 31 March 2005

DEPARTMENT OF WORKS PROJECTS ONLY

Project Description	Number of Consultants	Estimated Contract Value	Duration Contract Period
ESHOWE : WORKS DISTRICT OFFICE : PHASE 4 INFLAMMABLE STORES, ROADWORKS, FENCING &	2	3,839,001	395
ESHOWE : WORKS DISTRICT OFFICE : UPGRADE TO NETWORK CABLING AND INSTALLATION	1	110,000	91
GEZINSILA : HOUSE 540 (WORKS) : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	121
GEZINSILA : HOUSE 541 : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE 543 : UGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE 710 : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE 711 : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE 712 : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 539 (WORKS) : UPGRADING HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 542 : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 544 (WORKS) : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 545 (WORKS) : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 546 (WORKS) : UPGRADING OF HOUSING INCLUDING FENCING	1	800,000	60
GEZINSILA : HOUSE NO 547 (WORKS) : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 548 (WORKS) : UPGRADING OF HOUSING INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 549 (WORKS) : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 550 (WORKS) : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 761 : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
GEZINSILA : HOUSE NO 764 : UPGRADING OF HOUSE INCLUDING FENCING	1	80,000	60
HIGHWAY HOUSE : MAYVILLE : FLOOR AREA VERIFICATION	1	14,447	0
LA COMPLEX - LEGISLATIVE ASSEMBLY CAMPUS : INVESTIGATION OF ALL SAFES IN THE LA BUILDING	1	80,000	182
LA COMPLEX - LEGISLATIVE ASSEMBLY CAMPUS : ZNT61W/ZTB3721:INDOOR AND OUTDOOR LANDSCAPE MAINTENANCE	1	28,572,758	729
LADYSMITH : 20 COVE CRESCENT : REPAIRS AND RENOVATIONS AND MINOR NEW WORKS	1	400,000	91
LITTLE ANGEL CRECHE (PPWP) - ULUNDI, WORKS : CONSTRUCTION OF A CRECHE	1	450,000	364
MTUBATUBA WORKS DEPOT LOT 55 D OFFICES : INSTALLATION OF NETWORK CABLING, ROUTERS AND HUBS	1	105,246	60
NELTHORPE VILLAGE (PIETERS) : HOUSE B5073 : INSPECT AND REPORT ON THE CONDITION OF THE HOUSE	1	849,530	121
NKANDLA WORKS DEPOT : UPGRADE DEPOT TO DISTRICT OFFICE (MASTER PLAN)	3	7,463,404	30
NONGOMA : WORKS DISTRICT OFFICE : MASTER PLANNING, ADDITIONS AND ALTERATIONS TO EXIS	1	6,861,007	364
NONGOMA : WORKS DISTRICT OFFICE : UPGRADE TO NETWORK CABLING AND INSTALLATION AND UP	1	146,204	30

UTILIZATION OF CONSULTANTS 1 APRIL 2004 TO 31 March 2005

DEPARTMENT OF WORKS PROJECTS ONLY

Project Description	Number of Consultants	Estimated Contract Value	Duration Contract Period
NSUKANGIHLALE MULTI-PURPOSE CENTRE (WORKS) : PROPOSED NEW COMMUNITY CENTRE	1	1,933,862	182
NURSES OLD HOME : CONVERSION OF GARAGES TO FLATS (WORKS)	2	551,577	182
NURSES OLD HOME : CONVERSION OF PART OF FLAT 12 TO TWO BEDROOM FLAT	3	340,000	91
OFF ACC : OLD NURSES HOME LOT 507-510 : UPGRADING & COMPLETE REPAIR & RENOVATION, WATER &	5	3,500,000	182
PARKSIDE PREMIERS RESIDENCE : NEW MINISTERIAL CONFERENCE CENTRE	1	5,000,000	364
PARKSIDE PREMIERS RESIDENCE : PERIMETER WALL	4	2,300,000	182
PMBURG : 191 PRINCE ALFRED ST : BADMINTON COURT : CONVERT TO LECTURE ROOM	1	400,000	182
PMBURG : 191 PRINCE ALFRED ST : R & E ON ACCESS CONTROL AND CCTV INSTALLATION	1	500,000	152
PMBURG : 191 PRINCE ALFRED ST : STRUCTURAL REPORT ON REGISTRY FLOOR LOADINGS	1	10,000	60
PMBURG : 191 PRINCE ALFRED ST : TO DEVELOP & ADMINISTER FIXED RATE SCHEDULES FOR T	2	3,692,000	729
RADIO REPEATER SITES (VARIOUS) : RADIO REPEATER HIGH SITES THROUGHOUT KZN: MAINTENA	1	4,500,000	364
ULUNDI : B NORTH : REPORT ON STRUCTURAL PROBLEMS ON OFFICIAL HOUSES B	1	50,000	30
ULUNDI : CO-OPERATIVE CENTRE (WORKS) : CONSTRUCTION OF MULTI-PURPOSE CENTRE FOR CO-OPERAT	3	2,045,485	182
ULUNDI : NEW WORKS REGIONAL OFFICE : CREATION OF COUNTERS AND PHOTOCOPY MACHINE	1	200,000	60
ULUNDI : SENIOR OFFICIAL HOUSE NO 11 B NORTH : SUPPLY AND FIT CEILING SEN HOUSE NO 11	1	250,000	30
ULUNDI : UNIT A : UPGRADES AND REPAIRS TO ELECTRICAL INSTALLATION (C	1	900,000	91
ULUNDI : UNIT D FLATS : UPGRADES, REPAIRS AND INSTALLATION OF PRE-PAID MET	1	646,763	91
ULUNDI UNIT A WORKS DEPOT : INSTALLATION OF UPS	1	110,000	30
UMLAZI ELECTRICAL DEPOT : REPAIRS AND RENOVATIONS	1	250,000	91
VRYHEID WORKS DEPOT : UPGRADE TO NETWORK CABLING AND UPS INSTALLATION	1	100,000	30
TOTAL	65	78,251,284	6,843

[illegible]

[illegible]