



DEPARTMENT OF PUBLIC WORKS

PROVINCE OF KWAZULU-NATAL ~ ISIFUNDAZWE SAKWAZULU-NATALI

ANNUAL REPORT

2010–2011

Date of Tabling: September 2011

PR196/2011

ISBN: 978-0-621-40222-3



OFFICIAL HANDOVER OF 2010-11 ANNUAL REPORT

To: HON MEC M Govender;

MEC for Human Settlements and Public Works



I have the honour of submitting the Annual Report of the **KZN Public Works Department** for the period 1 April 2010 to 31 March 2011.

From: Dr. F. B. Madlopha;

Accounting Officer

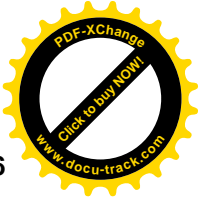
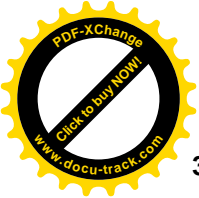




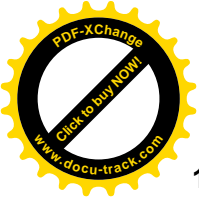
KZN DEPARTMENT OF PUBLIC WORKS
VOTE 14
2010/11 ANNUAL REPORT

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1. GENERAL INFORMATION

1.1 Vision, Mission and Values

VISION

“A THRIVING ECONOMY THROUGH INFRASTRUCTURE DEVELOPMENT AND PROPERTY MANAGEMENT.”

MISSION

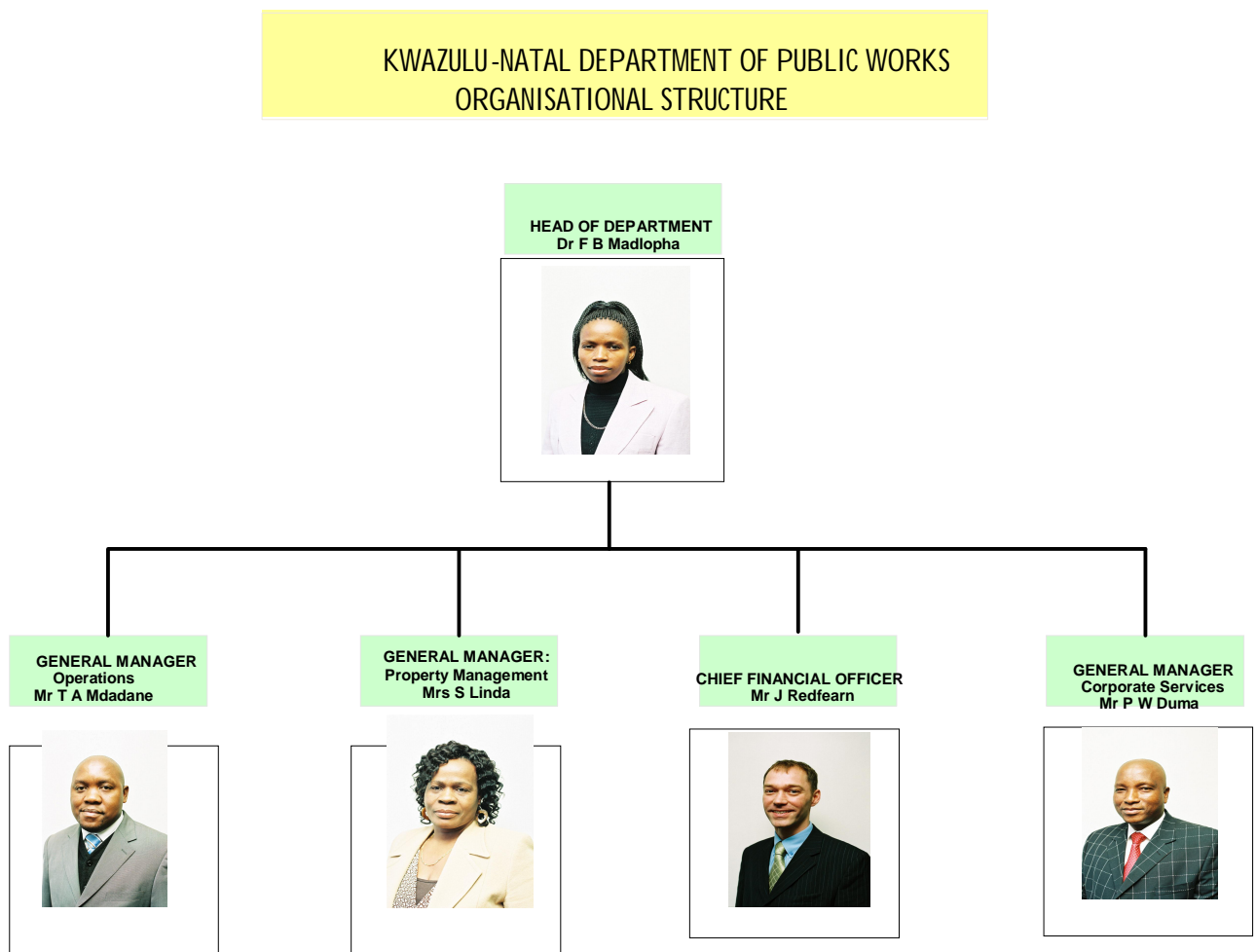
“WE WILL LEAD IN INFRASTRUCTURE DEVELOPMENT AND PROPERTY MANAGEMENT IN KWAZULU – NATAL”.

CORE VALUES

The KwaZulu-Natal Department of Public Works has been guided by the following values:

- Batho Pele Principles
- The Citizens Charter
- Cost Effectiveness: Value for money
- Quality : We will adhere to prescribed standards
- Professionalism : We will take pride in everything we do
- Integrity : We will be honest and reliable in all our dealings
- Service Excellence: We will be proactive in responding to the needs of our clients
- Corporate Governance: Good Governance

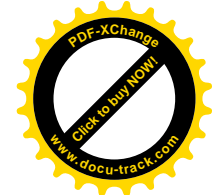
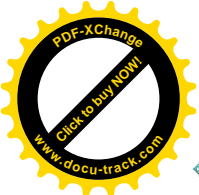
1.2 Organisational Structure



1.3 Legislative Mandates

Within the broad statutory mandates of government institutions, the following mandates guide the KZN Public Works department's core functions:

- ❖ The Construction Industry Development Board Act No. 38 of 2000;
- ❖ Property Valuers Professional Act No. 47 of 2000;
- ❖ National Building Regulations and Building Standards Act No. 103 of 1977;
- ❖ Council for the Built Environment Act No. 43 of 2000;
- ❖ Engineering Profession Act No. 46 of 2000;
- ❖ Architectural Profession Act No. 44 of 2000;
- ❖ Quantity Surveying Profession Act No. 49 of 2000;
- ❖ Project and Construction Management Professions Act No. 48 of 2000;
- ❖ Occupational Health and Safety Act No. 85 of 1993;
- ❖ Occupational Injuries and Diseases Act No. 130 of 1993;
- ❖ State Land Disposal Act No. 48 of 1961;
- ❖ Deeds Registry Act No. 47 of 1937;



- ◆ Expropriation Act No. 63 of 1975;
- ◆ Prevention of Illegal Eviction from, and unlawful occupation of land Act No. 19 of 1998;
- ◆ National Environmental Management Act No. 107 of 1988;
- ◆ KwaZulu-Natal Land Administration Act, 3 of 2003
- ◆ The KwaZulu-Natal Heritage Act 10 of 1977,
- ◆ Broad Based Black Economic Empowerment Act No. 53 of 2003;
- ◆ Promotion of Administrative Justice Act No. 3 of 2000;
- ◆ Promotion of Access to Information Act No. 2 of 2000;
- ◆ Labour Relations Act No. 66 of 1995;
- ◆ Employment Equity Act No. 55 of 1998;
- ◆ South African Qualification Authority Act No. 58 of 1995;
- ◆ Skills Development Act No. 97 of 1998;
- ◆ Public Finance Management Act No. 1 of 1999;
- ◆ Preferential Procurement Policy Framework Act No. 2 of 2000
- ◆ Basic Conditions of Employment Act No. 75 of 1997; and
- ◆ Government Immovable Asset Management Act No. 19 of 2007

1.4 Entities Reporting to the MEC

There are no entities reporting to the MEC in the KZN Public Works Department.

1.5 Foreword by the Hon MEC M Govender

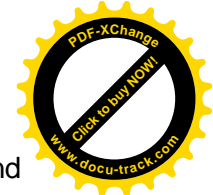
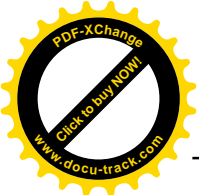


HON MEC M GOVENDER

This annual report for the 2010/11 financial year reviews the achievements of the KZN Department of Public Works during the first year of implementing its 5-year Strategic Plan within the framework of the national and provincial priorities. Although the South African economy was recovering slowly from the 2009 global economic recession during this period, the Department continued to deliver on its core mandate of infrastructure development and the management of state assets within the cost cutting guidelines set by Government to manage the recession's negative impact on revenue collection. Within its Annual Performance Plan for 2010/11, the Department committed itself to the following priorities:

- Eliminate waste and improve service delivery by intensifying the fight against fraud and corruption;
- Rural development and agrarian reform;
- Poverty alleviation and the creation of work opportunities;
- To address the land and building needs of provincial departments as per their confirmed requests;
- To efficiently and effectively manage the provincial Fixed Asset Register;
- To effectively manage immovable assets in terms of GIAMA by developing long term User and Custodian Asset Management Plans;
- To meet job creation, skills development and sector transformation objectives through implementation of established programmes;
- To provide strategic leadership, effective corporate governance and to build internal capacity;
- Efficient financial management systems in full compliance with the PFMA, Treasury Regulations and practice notes.

The Department continued to combat fraud and corruption through internal awareness workshops through which staff are empowered to manage their own finances. This is done in partnership with Nedbank as a preventative measure on fraud and corruption. The risk management committees were also established in regions for improved risk management and all employees in the department were required to disclose their financial interests.



The Department obtained a Presidential proclamation as a way of managing fraud and corruption and the law enforcement agencies are working hard in ensuring that those involved in fraud and corruption are dealt with as the department has committed a zero tolerance to fraud and corruption. This is mainly because this has adverse effects on the performance of the department mainly on the efficient delivery of infrastructure in the province.

In spite of this and the challenges in the technical environment in terms of shortage of skills, the department continued to demonstrate the commitment to delivering on its core business. One must however emphasize the importance of forward planning in infrastructure delivery.

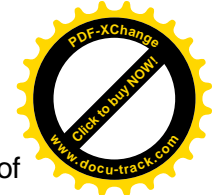
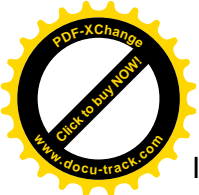
The 2010/11 financial year required that the Department complies with the implementation of Government Immovable Asset Management Act though there was no funding for this. The department assisted the various government departments and almost all of them complied by the end of the financial year. This project is expected to continue smoothly as it has now been funded for the 2011/12.

A major challenge that remains in property management sector is ensuring consistency of information in all the sources of data related to immovable properties belonging to the province as well as transfers that are not easy to do especially on former R293 towns, Ingonyama Trust Land and South African Development Trust land. Financial resources will have to be seriously injected into this area as the bulk of it requires to be surveyed before any of the other processes are initiated. The department is constantly engaging all the role players on how to ensure this is finally achieved.

The department continued to contribute to the key national priorities of job creation and poverty alleviation by applying labour intensive methods in delivering its building infrastructure projects using the Expanded Public Works Programme (EPWP). We are delighted to report that once again the department exceeded the target set for us and created 40 947 work opportunities in the EPWP during the year under review. Part of the success was due to the utilization of the EPWP incentive grant that the Department qualified for from the previous year's performance in the EPWP. The same incentive grant was used to create 452 jobs within the Izandla Ziyagezana programme, which applies EPWP principles to create additional jobs through the property management portfolio.

As I indicated in my budget speech that the department is committed to growing its own timber as well as youth employment, through the skills development sub-programme, 26 internal candidates were awarded bursaries to enhance scarce skills required by the department, mainly in the built environment and property management fields. The department also had a total of 13 interns in similar fields, 10 candidate project managers were appointed and 367 contractors received training through the Masakhe Emerging Contractors programme. Progress with property management skills was constrained by the unavailability of service providers to carry out the second phase of the property Incubator Programme.

The Department participated in the Province's outreach to communities at ward level on rural development initiatives through the Flagship Programme and food gardens were established in four of the department's facilities. Proceeds were distributed to needy families through the flagship programme.



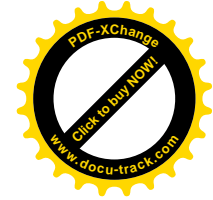
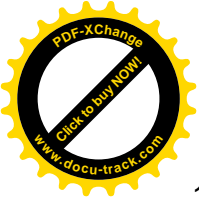
I would like to acknowledge the achievements made through the collective commitment of the department's officials and managers. I also take note of the challenges and the department will in the upcoming year focus mainly on the identified challenges whilst also building on current successes. Let us continue to work cooperatively with all partners to respond to the service delivery needs of all our stakeholders in KwaZulu-Natal.

Working together we can do more!

Hon MEC M Govender

MEC for Human Settlements and Public Works

Province of KwaZulu-Natal



1.6 Overview by the Head of Department

The mission of the department is to take the lead in infrastructure development and property management in KwaZulu-Natal provincial administration. The department provides the following core services:

- Acquisition of buildings and land through purchase, hiring and leasing;
- Management of the asset register for provincial fixed assets [land and buildings]
- Construction of public buildings, including both new construction and renovation;
- Maintenance of public buildings and land, including needed repairs and improvements, and,
- Alienation of public buildings and land, including disposal of fixed assets by sale, demolition, exchange and donation.

During the 2010/11 financial year, the department maintained its focus on its established programmes as per the 5-year strategic plan and the annual performance plan. This was done as a strategic move towards the implementation of the 2010-2015 Medium Term Strategic Framework (MTSF) since these programmes continue to respond to the national objectives of building economic and social infrastructure, intensifying skills' development, creating decent jobs, broad based Black economic empowerment and sustainable livelihoods contained in the new MTSF. The department recognized provincial government's new call for the agrarian reform and established food gardens within the department's facilities. Proceeds from these were distributed amongst needy families identified through the Operation Sukuma Sakhe programme.

The departmental strategic goals for the 2010/11 financial year, in line with the focus stated above, are listed below:

- To improve integrated service through implementing the multi-year service delivery model, the Infrastructure Delivery Improvement Programme (IDIP);
- To provide and facilitate the provision of accommodation and property management services to satisfy client needs;
- To achieve optimal utilization of fixed state assets through effective implementation of the government Immovable Asset Management System;
- To create jobs through massification of the Expanded Public Works Programme (EPWP) and Izandla Ziyagezana Programme;
- To enhance the benefits of programmes to bridge the gap between the first and second economy and the anti-poverty campaign through:
- Broad Based Black Economic empowerment through targeted interventions to bridge the gap between the first and second economy such as:



- Skills development
 - Employment creation
 - Creation of an enabling environment to attract women, youth and the disabled to the construction industry through active support for emerging contractors and consultants
-
- To implement the National Youth Service programme
 - To ensure effective and efficient management of the department's financial resources
 - To have a competent, empowered and motivated workforce
 - To ensure effective monitoring, reporting and communication of departmental objectives and achievement at all levels.

The department's budget allocation increased as a result of the additional allocation with regards to the Conditional Grant for the payment of property rates. The department received an additional allocation of R450 million in the adjusted budget in respect of this conditional grant. At the end of the financial year the department had spent R1,114 million or 83.6% of its budget.

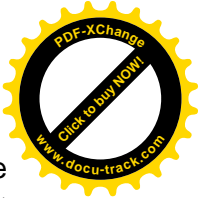
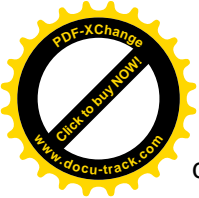
To increase its internal capacity, the department continued to recruit interns and award bursaries in the scarce skills categories, train employees in line with the Workplace skills plan. The ABET programme continued with the assistance of the department of Education and Transport. The Department also continued to pay attention to achieving its employment equity objectives, although challenges remain in meeting gender equity and the disabled categories.

Through the Infrastructure Delivery Improvement Programme (IDIP), the Department provided services to all client departments valued at R930 million on infrastructure and R108 million on the hiring of Properties for Provincial Government.

The department continued to respond to client needs for office accommodation through property purchases and hirings as well as property letting or disposal in areas of need. Updating of the property register remained a priority activity and engagements of the Department of Rural Development and Land Affairs and all provincial departments to ensure effective management of issue of immovable assets and their disclosure in the financial statements. The quality of the register continues to be enhanced.

In terms of long term asset maintenance planning in line with the Government Immovable Asset Management Act, the department received 9 of the 16 draft User Asset Management plans. The department will continue to devote its efforts to completing the outstanding plans in consultation with client departments. The department also continued to provide client departments with the results of the annual property audits to assist them with asset maintenance planning.

The EPWP programme exceeded its annual job creation target of 40 947 job opportunities were achieved which is equivalent to 7976 jobs were achieved. The reason for such

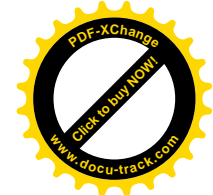
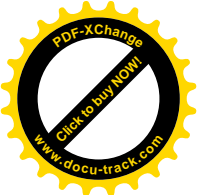


deviation is the difference between EPWP phase 1 and 2. Phase one required the departments to report on job opportunities whilst phase2 required jobs. Therefore the target 20 000 was based on the baseline that was carried for the MTEF which was job opportunities and therefore it could not be altered. Through the Izandla Ziyagezana Programme a total of 452 jobs were created against a target of 55. This was mainly due to the funding the department obtained through the expanded Public Works programme Incentive Grant allocation as well as funding through the department of education. 67 jobs were sustained from the previous financial year. The Programme continued to contribute to the provincial EPWP targets through the application of labour intensive methods in the department's infrastructure projects.



Dr F B Madlopha

Head : Department of Public Works



2. INFORMATION ON PRE-DETERMINED OBJECTIVES

2.1 Overall Performance

2.1.1 Voted Funds

Table 2.1 Voted funds for 2010/11

Appropriation	Main Appropriation (R' 000)	Adjusted Appropriation (R' 000)	Actual Amount Spent	Under / (Over) Expenditure (R'000)
Vote 14	R868,214,000.00	R1,333,583,000.00	R1,114,209,000.00	R219,374,000.00
Responsible MEC	MEC For KZN Public Works	Hon. M Govender		
Administering Department	KZN Department of Public Works			
Accounting Officer	Head of Department	Dr. F. B. Madlopha		



2.1.2 Aim of Vote

The main aim of the vote is to enable the department to provide building infrastructure and property management services to all departments in the KwaZulu–Natal provincial government.

2.1.3 Summary of Programmes

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

Programme 1: Administration

Programme 2: Property Management

Programme 3: Provision of buildings, structures & equipment (Operations)

2.1.4 Key strategic objectives achievements

Programme 1: Administration

- The Department filled 120 (78%) of the posts on its provisioning plan, which is an improvement on the 62% achievement in 2009/10. The overall vacancy rate increased marginally from 9% in 2009/10 to 9.5% in 2010/11 as shown on Table 3.1 in the Human Resource Management report.
- The Internship Programme, whose objective is to fill the skills gap in the critical occupational categories, had a total of 13 interns from a target of 8.
- In terms of contributing to the Provincial Transformation Profile; the department aims to achieve a 50: 50 gender representation for all its employees. In 2010/11, 38.5% of all posts were occupied by women, a marginal improvement on the 37.2% posts filled by women in 2009/10 but still below the target.
- As indicated in subsection 2.1.9 below, the actual expenditure differed from what was planned, with savings of R219, 374 million mainly due to under expenditure of the Devolution of the Property Rates grant.
- The department continued to liaise closely with client departments in order to recover claims due and minimize cash flow problems. The annual recovery rate was 89.68%, which is above the target recovery rate of 75%.



Programme 2: Property Management

- Updating of the Fixed Asset register continued to be a key performance area. 5 832 land parcels of the targeted 4 000 land parcels and 4 306 facilities of the targeted 2 500 facilities were updated. Extra effort was put to ensure compliance with GIAMA.
- A total of 626 properties were audited, which was a 95% achievement on the planned 660 properties to generate information for asset maintenance planning.
- The department hired 37 properties of the targeted 19 properties for 2010/11. The overachievement was due to additional cases received after targets had been set. However, the department continued to face challenges in responding to client requests for acquisition due to lengthy acquisition processes, delays with surveys and delays in funds approval for some properties.
- 452 jobs were created under the Izandla Ziyagezana Programme on new sites compared to the targeted 55 jobs. The overachievement was due to the EPWP incentive grant as well as additional DoE funding.

Programme 3: Provision of buildings, structures and equipment (Operations)

- The department spent R929,795 million of client department budgets in implementing infrastructure building projects contracted to it by the client departments compared to R1,554 billion spent in the previous year. The low expenditure in 2010/11 is due to late submission of infrastructure plans from client departments as well as an increase in project cancellations due to poor contractors' performance.
- The department cleared 92 of the 130 backlog toilet projects and 21 of the 44 backlog classroom projects in 2010/11. The remainder was scheduled for completion in the following year. Non-performance by contractors and lack of Project Managers contributed to the shortfall in clearing the backlog.
- The EPWP programme created 40, 947 job opportunities, equivalent to 7, 947 jobs in 2010/11.

2.1.5 Overview of the service delivery environment for 2010/11

- In line with the five-year strategic plan for 2010/11 – 2014/15, the department had the opportunity to deliver on some of the 10 national strategic priorities by utilizing developed programmes already in the Provincial Programme of Action (e.g. Expanded Public Works



Programme; National Youth Service; Izandla Ziyagezana; Masakhe Emerging Contractor Development; Internship; Bursary; and Learnership programmes) and further make these to be an integral part of the Premier's Flagship Programme.

- The department faced the challenge of poor contractor performance in the delivery of building infrastructure to client departments.

2.1.6 Overview of the organisational environment for 2010/11

- The department utilised its accumulated experience in the Built Environment as well as its established business systems and processes to maximise the delivery of high quality projects and property management services.
- However, internal human resource capacity constraints continued to affect the department. The department initiated the recruitment of project manager interns to alleviate the shortage of project managers that was limiting the department's ability to effectively manage the outsourced specialist skills in the provision of building infrastructure.

2.1.7 Key policy developments and legislative changes

- There were no significant revisions to the department's legislative or other mandates during the planning and implementation periods of the 2010/11 Annual Performance Plan.

2.1.8 Departmental revenue

The department collected revenue totalling R6,607 million in 2010/11, exceeding the revenue budget by 74.23 per cent.

Sale of goods and services other than capital assets is the largest contributor to the department's total revenue collected, at R3,601 million. The main contributors to this category are Other Sales: housing rent recoveries, rent for parking and rental received for state property as well as rental on land. The over-collection was mainly due higher than anticipated increase in collection on rental of dwellings due to the regularisation of a number of cases of illegal occupancy of properties, where no payments were previously being made.

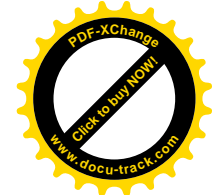
Over collection under interest due to a concerted effort to trace and recover debts related to former employees.

The main source of the over-recovery was **Financial Transactions**, according to the department; this was mainly due to an unanticipated increase in recoveries from previous years relating to departmental debt and stale cheques. This is a variable category and is difficult to accurately forecast and budget

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual	% deviation from target
Tax revenue	2,355	3,644	3,120	3,314	3,601	(8.63)%
Sale of Goods and Services other than capital assets:						
Other sales	1,980	3,223	2,628	2,764	3,428	(24)%
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	375	383	404	419	4	99%
	0	38	88	131	169	(29)%
Rent on Land						
Non-tax revenue						
Interest	103	59	222	6	252	(4117.00)%
Sales of capital assets	2355	44	6	0	0	0%
Financial transactions (Recovery of loans and advances)	1394	826	1634	472	2754	(483.47)%
TOTAL DEPARTMENTAL RECEIPTS	3852	4573	4982	3792	6607	(74.23)%

2.1.9 Departmental expenditure and conditional grants

In 2010/11, the actual expenditure differed from what was planned, in that the Department reflected an overall savings of R219, 374 million mainly due to the Devolution of Property Rate Funds Grant. The savings was mainly due to the late receipt of Invoices from Municipalities, lack of sufficient information on invoices received from Municipalities, as well as savings on



Capital Infrastructure Projects as a result of slow progress of various projects, Compensation of Employees as a result of Service terminations and delays in the filling of key Vacant Posts (Professional Posts) and Goods and Services in respect of the Project Management Tool which was not procured due to delays in the Procurement Process.

Programme 1: Administration:

Administration was slightly under-spent at 1.0 per cent, or by R2, 141 million. This was largely due to cost-cutting, principally in travel and subsistence, training and late delivery of equipment; an amount of R 465 thousand has been requested to be rolled over to the 2011/12 financial year. Due to savings achieved, the department made use of the opportunity to write off various losses, such as long outstanding debts for former staff.

Programme 2: Real Estate:

Programme 2: Real Estate was significantly under-spent at 26.8 per cent, or by R200, 134 million. Mention must be made that the department received once-off additional conditional grant funding for the Devolution of Property Rate Funds Grant to Provinces in the Adjustments Estimate, amounting to R450 million, and allocated to this programme. This was for accumulated under-funding since the inception of the grant in 2008/09. The significant under-spending in Programme 2 is mainly ascribed to under-spending on the grant and relates to the late receipt of property rates invoices from municipalities, as well as the lack of sufficient information on a number of invoices received from municipalities for property rates. An amount of R 42,295 million has been rolled over to the 2011/12 financial year.

Programme 3: Provision of Buildings, Structures and Equipment:

Programme 3: Provision of Buildings, Structures and Equipment was under-spent at 4.7 per cent, or by R17, 099 million. The under-spending was mainly due to service terminations and delays in terms of filling of key vacant posts, as well as the vetting process for applicants' security clearances, which took longer than expected. Also contributing to the under-expenditure was under-spending of R14, 419 million, mainly due to contractor delays and slow progress of projects at the Public Works Head Office, Southern regional office and Ixopo Office Park as well as delays in the production process for security systems at the Public Works Head Office. An amount of R 8,102 million has been requested to be rolled over to the 2011/12 financial year in respect of these committed projects and equipment. Under Goods and Services: R 393 thousand for the Incentive Grant; R 2, 7 million for the Project Management Tool were also requested to be rolled over to the 2011/12 financial year.



2.2 Programme performance

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

Programme 1: Administration

Programme 2: Property Management

Programme 3: Provision of buildings, structures & equipment (Operations)

The purpose of each programme is detailed under 2.2.1 below.

2.2.1 Programme 1: Administration

Purpose: The purpose of this programme is to provide overall management support within the department. The core services rendered by the Administration programme in 2010-11 were:

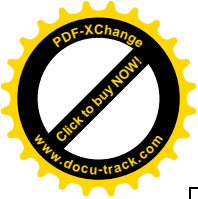
- Providing strategic leadership and management
- Providing support to the Member of the Executive Council
- Building a positive corporate culture
- Rendering support and advice in terms of human resource practices and policies; all legal matters, security and logistics; and effective communication and information management systems.
- Ensuring M & E Systems are in place;
- Rendering sound financial management services and risk management.



The strategic objectives, annual targets and actual performance for 2010 -11 for the administration programme are detailed below:

Programme 1: Administration - Strategic Leadership and Management

PROGRAMME 1: ADMINISTRATION - STRATEGIC LEADERSHIP AND MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
Champion the Strategic Planning Process	Strategic Planning session held by due date	July 2010	Strategic session held in July 2010 as planned, APP and Annual Report produced	No variance
Initiation of programmes for leadership and management development	Senior management exposed to the leadership & management programme	10 SMS managers trained	Risk Management -23 Women in Management - 2 Construction indicators - 1 Sustainable rural development strategies - 1	No variance
Provide effective monitoring and Evaluation Services	M & E Framework reviewed and implemented	M & E framework in place and tool implemented.	The M & E framework is in place. An Expression of Interest for a corporate performance M & E Tool was advertised and submissions were under SCM consideration by the end of the 2010/11 financial year.	Since this was a new tool it required necessary approval processes.
		SMS and MMS members capacitated on M & E process	Introductory training sessions have been held at all Regions and components with the exception of North Coast and Ethekwini Regions	Sessions planned for the first week of March 2011 did not take place owing to the M & E Manager's sick and incapacity leave.



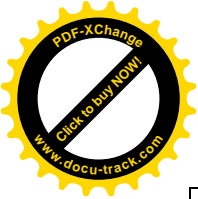
PROGRAMME 1: ADMINISTRATION - STRATEGIC LEADERSHIP AND MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
Provide total security management	Clear standards and sops that relate to information technology security established	Standard Operating procedures	<p>During 2010/11 the following SOPS have been developed and implemented. They are continuously updated as an ongoing process.</p> <ol style="list-style-type: none">1 Forefront Endpoint Protection (FEP) Policies2 Active Directory (AD) Design3 Deploying Forefront protection4 Forefront End protection Implementation5 System Centre Configuration Manager (SCCM)6 Systems Centre Operations Manager (SCOM)7 System Centre Data Protection Manager (SCDPM)8 Securing the Data infrastructure9 Software updates: System Centre Configuration Manager (SCCM) / Windows Software Update Services WSUS10 Using Data Protection Manager (DPM) 201011 Desktop & Portable Systems Recovery12 Windows Server Virtualisation design	



PROGRAMME 1: ADMINISTRATION - STRATEGIC LEADERSHIP AND MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
Provide and manage effective communication	Communication Strategy in place and implemented	Implementation & review Communication strategy in place and implemented	Strategy delayed.	Strategy delayed so that it is inclusive of both departments since the Communication function is now under Ministry

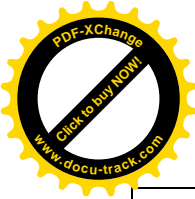
Programme 1: Administration - Corporate Services

PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
To improve work ethics, service delivery and professionalism within the department	Number of Workshops to promote Departmental Service Commitment Charter (DSCC)	8	<ul style="list-style-type: none"> Nine (9) workshops were held to promote the Departmental Service Commitment Charter 	The additional workshop was presented to Head Office staff in order to accommodate all staff in the department.
Review and align departmental structure to support service delivery	Review and align departmental structure to support departmental service delivery	Approved departmental organisational structure	<ul style="list-style-type: none"> The consolidated report which incorporates all proposed structural changes was finalised and distributed to all GM's and CFO on 28 February 2011. 	The structure was not approved due to the complexity of the investigation and production of a consolidated report.
To ensure the reduction of the vacancy rate	Approved provisioning plan by due date	30 April 2010	<ul style="list-style-type: none"> The HR Provisioning Plan for 2010 was finalised in line with the priority posts as approved by the MEC. 	Nil.



PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES												
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET			REASONS FOR VARIANCE							
		ANNUAL TARGET 2010/2011	ACTUAL									
		% posts filled on an approved provisioning plan	153 (100%)	Critical Posts filled as at 31 March 2011 <table><tr><td>Approved Priority Posts</td><td>Filled</td><td>Vacant</td></tr><tr><td>153</td><td>120 (78%)</td><td>33</td></tr></table>		Approved Priority Posts	Filled	Vacant	153	120 (78%)	33	Turnaround times for Security Vetting by National Intelligence Agency (NIA) and verification of qualifications by SAQA. Thirty Six (36) additional posts were added to the HR Provisioning Plan as a result of posts that were vacated during the financial year.
Approved Priority Posts	Filled	Vacant										
153	120 (78%)	33										
Provision of fleet within the department to support the departmental business	% of allocated budget for the procurement of vehicles to support service delivery	100% Budget Utilisation	<ul style="list-style-type: none">Eighty Five percent (85%) of the budget was utilised for the procurement of the 40 fleet vehicles. <table><tr><th colspan="2">Progress as at 31 March 2011</th></tr><tr><td>Ordered</td><td>Delivered</td></tr><tr><td>40</td><td>40</td></tr></table>		Progress as at 31 March 2011		Ordered	Delivered	40	40	The contract for LDVs (Light Duty Vehicles) was only made available by the National Department of Transport during the second quarter of 2010/2011. It was therefore not prudent to place orders as vehicles would not have been delivered with the financial year.	
Progress as at 31 March 2011												
Ordered	Delivered											
40	40											

PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES																							
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE																			
		ANNUAL TARGET 2010/2011	ACTUAL																				
Ensure provision of sound labour relations including organised labour	Improved relations with organised labour through established forum meetings	16 Meetings	<ul style="list-style-type: none">Seventeen (17) Departmental Labour Relations Forum were held.	Nil																			
	Reduction of grievances and misconduct cases	23 Grievances	<table><tr><th colspan="4">Progress with grievance cases as at 31 March 2011</th></tr><tr><th></th><th>Total</th><th>Finalised</th><th>Pending</th></tr><tr><td>Backlog</td><td>25</td><td>17(68%)</td><td>8 (32%)</td></tr><tr><td>Current</td><td>40</td><td>31 (76%)</td><td>9 (23%)</td></tr><tr><td>Total no. of cases</td><td>65</td><td>48(74%)</td><td>17 (26%)</td></tr></table>	Progress with grievance cases as at 31 March 2011					Total	Finalised	Pending	Backlog	25	17(68%)	8 (32%)	Current	40	31 (76%)	9 (23%)	Total no. of cases	65	48(74%)	17 (26%)
Progress with grievance cases as at 31 March 2011																							
	Total	Finalised	Pending																				
Backlog	25	17(68%)	8 (32%)																				
Current	40	31 (76%)	9 (23%)																				
Total no. of cases	65	48(74%)	17 (26%)																				

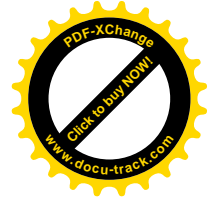
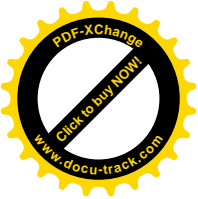


PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES																							
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET				REASONS FOR VARIANCE																	
		ANNUAL TARGET 2010/2011	ACTUAL																				
		12 - Misconduct	<table><tr><th colspan="4">Progress as at 31 March 2011</th></tr><tr><th></th><th>Total</th><th>Finalised</th><th>Pending</th></tr><tr><td>Backlog</td><td>47</td><td>26 (55%)</td><td>21 (45%)</td></tr><tr><td>Current</td><td>52</td><td>15 (29%)</td><td>37 (71%)</td></tr><tr><td>Total no. of cases</td><td>99</td><td>41(41%)</td><td>58(59%)</td></tr></table>				Progress as at 31 March 2011					Total	Finalised	Pending	Backlog	47	26 (55%)	21 (45%)	Current	52	15 (29%)	37 (71%)	Total no. of cases
Progress as at 31 March 2011																							
	Total	Finalised	Pending																				
Backlog	47	26 (55%)	21 (45%)																				
Current	52	15 (29%)	37 (71%)																				
Total no. of cases	99	41(41%)	58(59%)																				
<p>Medical certificates submitted by charged employees asking for adjournment of cases.</p> <p>Officials on prolonged sick leave.</p> <p>Unions requesting postponement of cases because of the unavailability of representatives.</p> <p>Capacity challenges in terms of competent officials to act as Presiding and Prosecuting Officers.</p>																							

PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES							
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET				REASONS FOR VARIANCE	
		ANNUAL TARGET 2010/2011	ACTUAL				
Ensure submission of financial disclosures by all Departmental employees	Signed disclosure forms by 30 June 2010	100% compliance	Performance (Levels 1 to 12)			Lack of understanding by staff on the need to complete the forms	
			Total	Finalised	Outstanding		
			2107	1220	887 (Includes 315 returned for correction)		
	Disclosure forms submitted to finance for analysis	September 2010	Performance (SMS)				One SMS member resigned before completing the Financial Form and the other SMS member was medically boarded
			Total	Finalised	Returned for correction	Outstanding	
			23	21	0	2	
			• 762 sent to Finance for analysis			Delays in receiving completed forms from staff as indicated above	

PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
To implement a learnership programme	Number of Learnerships	10	<ul style="list-style-type: none"> • Twenty Four (24) staff qualified as per the assessment report produced. • 24 implemented. 	The department could not turn down officials that qualified hence the over achievement
To implement an internship programme	Number of internships	8	<ul style="list-style-type: none"> • The department has a total of thirteen (13) Interns comprising of: <ul style="list-style-type: none"> ✓ 5 Quantity Surveyors and 1 Mechanical Engineer ✓ Seven (7) Bursary Holders that were appointed and assumed duties in March 2011. 	<p>One intern, an architect, did not come back to continue with the internship Programme this year, as she went back to the University to further her studies.</p> <p>The number of interns increased due to the absorption of bursary holders.</p>
To contribute towards skills development of the rural communities	Proportion (%) of total bursaries awarded in rural areas	60%	<ul style="list-style-type: none"> • Nil achievement on bursary awards to rural areas since all 26 bursaries awarded in 2010 benefited internal candidates. • The Bursary programme for 2011 academic year was advertised with a closing date of 31 October 2010. • Tertiary Institutions will be visited in April 2011 to meet with Bursary offices to update payments and outstanding balances on accounts of Bursars and to 	<ul style="list-style-type: none"> • Due to financial constraints, the 2010 bursary awards were limited to internal beneficiaries. • A provincial circular suspended the award of bursaries for the 2011 academic year on 21 November 2010. The delay in lifting the suspension delayed the award of the 2011 bursaries and successful applicants will only be able to assume their studies in 2012.

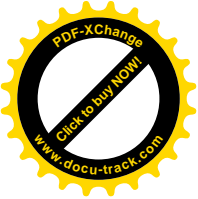
PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES														
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE										
		ANNUAL TARGET 2010/2011	ACTUAL											
			give advice to Bursars.											
To provide Adult Basic Education and Training (ABET)	Number of staff trained in line with ABET Programme	250	<ul style="list-style-type: none">Progress with Active ABET Programmes is as follows:<table><tr><th>Centre</th><th>Learners</th></tr><tr><td>Department of Transport</td><td>33</td></tr><tr><td>Department of Education</td><td>37</td></tr><tr><td>Masifundisane Programme</td><td>39</td></tr><tr><td>Total</td><td>109</td></tr></table>25 learning centres have been monitored. HRD staff are liaising with Department of Education to take over on ABET programme. Meeting took place on 15 March to discuss presentation to management of DOE and DOPW. Costs for funding the program have been put	Centre	Learners	Department of Transport	33	Department of Education	37	Masifundisane Programme	39	Total	109	No funding for ABET Programme. The 109 staff were trained on the ABET programme by other Departments.
Centre	Learners													
Department of Transport	33													
Department of Education	37													
Masifundisane Programme	39													
Total	109													



PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
			together based on costings from OTP and DOE. Memorandum of Agreement was proposed to be discussed at a meeting with all stakeholders on 30 March 2011. Based on information gathered from meetings thus far DOPW would need to funds for appointment of educators.	
To implement the Human Resource Development Strategy	% Expenditure of benchmark allocation for staff training (benchmark = 1% of Annual Personnel Budget)	100% expenditure of benchmark allocation for training	<ul style="list-style-type: none">• The Work Place skills plan has been compiled and approved by the HOD. The Plan was submitted to the Office of the Premier, PSETA, and CETA.• 254 Employees were trained• 33% of the allocation was spent	Under expenditure due to cost cutting measures in line with Treasury Circular.

Programme 1: Administration - Finance Programme 1: Administration - Finance

PROGRAMME 1: ADMINISTRATION - FINANCE				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/11	ACTUAL	
To be fully compliant with PFMA & Treasury Regulations and practice notes	❖ Unqualified audit report for previous financial year	❖ Unqualified audit report.	Qualified audit opinion received 2009//2010	Qualified opinion in terms of completeness of Immovable Asset Register
Effective utilization of the budget within the current financial year in line with the cost cutting measures.	❖ % budget variation on monthly expenditure	❖ within 2% budget variation	<p>As at 31 March 2011, the Department has spent R1,114,209 million which equates to 83,55 % of its budget with 100 % of time passed (16.45% variance)</p> <p>Expenditure excluding both conditional grants is R606,308 million which equates to 97,19 % of its budget with 100% of time passed (2.81% variance)</p> <p>The Department is reflecting under-spending of R219,374 million, net effect broken down as follows:</p> <p>Property Rates (R198,346 million)</p>	The under spending is mainly attributed to late submission of invoices for property rates by some municipalities, delays in some of the infrastructure projects, delays in the filling of vacant posts due to the slow external process of vetting of candidates, as well as cost cutting measures.



PROGRAMME 1: ADMINISTRATION - FINANCE				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/11	ACTUAL	
			Compensation of employees (R18,658 million) Capital Infrastructure R14,833 million Machinery & Equipment (capital) R 2,683 million Departmental Agencies & Accounts R 0,188m Transfers Households (– R9,62 m) Financial Assets (write offs) (– R9,273 m) Goods & Services (– R4,451 m)	

PROGRAMME 1: ADMINISTRATION - FINANCE																						
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE																		
		ANNUAL TARGET 2010/11	ACTUAL																			
Minimise audit queries	❖ No. of Compliance Audits carried out	❖ 20	❖ 29 reports finalized, translating to 145% of the planned 20 reports 1 audit in progress	Nil																		
Close gap between second and first economy	❖ No. of monthly reports on achievement of annual Preferential Procurement Objectives	❖ 12	❖ 12 Electronic Procurement Contract Information (PCI) submitted to Provincial Treasury, one per month as planned. ❖ SCM monthly report submitted to EXCO each month Procurement targets: <table><tr><td></td><td>Target %</td><td>Achieved %</td></tr><tr><td>PPG Female</td><td>40</td><td>29</td></tr><tr><td>PPG Male</td><td>20</td><td>35</td></tr><tr><td>BCA Female</td><td>5</td><td>4</td></tr><tr><td>BCA Male</td><td>5</td><td>7</td></tr><tr><td>White</td><td>5</td><td>4</td></tr></table>		Target %	Achieved %	PPG Female	40	29	PPG Male	20	35	BCA Female	5	4	BCA Male	5	7	White	5	4	No variance
	Target %	Achieved %																				
PPG Female	40	29																				
PPG Male	20	35																				
BCA Female	5	4																				
BCA Male	5	7																				
White	5	4																				

PROGRAMME 1: ADMINISTRATION - FINANCE						
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET				REASONS FOR VARIANCE
		ANNUAL TARGET 2010/11	ACTUAL			
			Female			
			Disabled	5	1	
			Youth	20	11	
			Women	50	36	
Budget to be aligned to district municipal areas	❖ % Compliance with alignment of budget in line with Treasury Guidelines & deadlines	❖ 100 % compliance with Treasury guidelines & deadlines	100% compliance achieved as follows: ❖ 06 August 2010, MTEF budget submission (deadline achieved) ❖ 26 November 2010, Draft Estimates of Provincial Revenue and Expenditure (EPRE) (deadline achieved) ❖ 10 December 2010, final draft Estimates of Provincial Revenue and Expenditure (excel tables and narrative) for comment by Provincial Treasury (deadline achieved) ❖ 1 April 2011, 2011/12 Budget Tabled and approved			Nil
To recover outstanding claims from client	❖ % recovery rate per quarter (claims from client)	❖ 75% recovery rate per quarter	❖ 89.68% collected, which is above the planned 75%.			Nil

PROGRAMME 1: ADMINISTRATION - FINANCE				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/11	ACTUAL	
departments	departments)			
Implementation of performance budgeting	❖ % Compliance with performance budgeting	❖ 100% compliance with performance budgeting	❖ Budget aligned to business plans and service delivery measures completed. Performance based not fully implemented.	Not all expenditure linked to Annual Performance Plan activities, specifically compensation of employees due to the complexity of allocating costs to a specific service delivery measure.
Prevention and management of fraud and corrupt activities	❖ Fraud Prevention & Detection Strategy Implemented	• Fraud Prevention & Detection Strategy Implemented	❖ Fraud Prevention & detection plan in place ❖ Presidential Proclamation with SIU ❖ Regular follow-up with other Law enforcement agencies	Nil
	• Analysis of the received financial disclosure forms (CFO)	❖ All financial disclosure forms analysed	❖ Received 762 financial disclosure forms as at 31 March 2011. ❖ Finalized Analysing 729 (96%) of disclosures received. Currently 33 (4%) requiring further analysis.	The balance of the financial disclosure forms were not received for analysis. 100% of the received forms were analysed. 4% require further analysis.



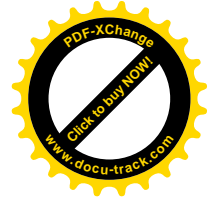
2.2.2 Programme 2: Property Management

Purpose: The purpose of this programme is to provide and facilitate the provision of accommodation and integrated property management services to clients through planned property acquisition and disposal, optimal utilisation of state fixed assets, land valuation, maintenance of fixed property register, payment of property rates and integrated service delivery.

The strategic objectives, annual targets and actual performance for 2010 -11 for the Property Management programme are detailed below:

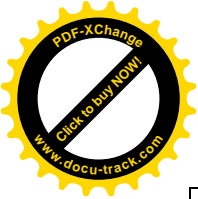
PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
To provide efficient and effective management of Provincial Fixed Asset Register	Fixed Asset Register updated with the GIAMA Minimum Requirements	4000 land parcels	5832 land parcels were updated.	Extra effort was put to ensure compliance with GIAMA
		2500 facilities	4306 facilities were updated.	Extra effort was put to ensure compliance with GIAMA
To capture market values of state Immovable Assets in Fixed Asset Register	◆ %, number of property values of State Immovable Asset captured	100% of available municipal values captured	100%, 2859 values obtained from municipal valuations and captured on FAR leading to the total accumulative 5727 facilities having municipal values on PREMIS as at 31 March 2011.	No variance

PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
	No. of properties valued	20	6 properties were valued.	Target not achieved due to Limited funding.
To facilitate the payment of property rates.	Expenditure of municipal property rates budget (R' million)	R710m (R260m as per 2010/11 APP +R450m additional budget allocation)	The total actual expenditure as at end of March 2011 is R 510 391 183 – 55 equalling 72.31% of the total revised budget allocation	<p>The under-expenditure was due to 3 main reasons:</p> <ul style="list-style-type: none"> • Low capacity in many municipalities to bill on time • Inability to give evidence for the opening balances that appeared on their invoices • Variance between amounts reflected on schedules resulting in the amounts due getting reduced after verification <p>Three municipalities could not produce invoices as expected, due to the following reasons:</p> <ul style="list-style-type: none"> • INDAKA – exempted by COGTA not to charge property rates until their next financial year, 2011/2012. There were 81 state properties reflected on the



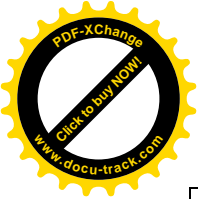
PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				<p>general valuation roll, however the municipal council did not determine the tariffs therefore a rate could not be charged.</p> <ul style="list-style-type: none">• UMSINGA – submitted invoices for 4 properties only, to the value of R248, 000, which was paid. The total of 185 state properties was not billed as the general valuation roll indicated. The Department is in receipt of the extracts from the supplementary valuation roll and is in the process of being verified.• EZINQOLENI – There are 64 state properties on the roll for which no invoices were submitted. The Municipality had only billed for nature reserves which are exempted. <p>Verification of Department Of Transport properties is in progress after which the invoices will be requested from the relevant municipalities.</p>
To ensure that hired offices and state	Number of properties audited (hired buildings	660	State owned offices = 535	Nil

PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
owned properties are audited for utilization.	and state owned office accommodation)		Hired offices =91 TOTAL = 626 (95%)	
To effectively manage immovable assets in terms of GIAMA	User Asset Management Plan (U-AMP) developed	1	Annual target of developing 1 U-AMP achieved.	Nil
	Custodian Asset Management Plan developed(C-AMP).	1	Annual target of developing 1 C-AMP achieved.	Nil
To take transfer of all Provincial Immovable assets.	No of R293 provincial assets registered	Obtain SG diagrams and related documentation for readiness to take transfer. Prepare documentation for conveyance services	1060 SG diagrams obtained The schedule with identified properties was finalized for the following municipalities eThekwin Metro, uMsunduzi, uLundi, uMlalazi and Nongoma Documents are ready for conveyancing/tranferes and	1060 represents the entire number of provincial assets



PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
			registration into the KZN Provincial government name.	
	No of South African Development Trust Provincial assets registered	Obtain SG diagrams and related documentation for readiness to take transfer. Prepare documentation for conveyance services	Not achieved	Properties are not surveyed. To lobby for funding to have these properties surveyed. The transfer will take place in terms of vesting process. Regions to compile the schedules for these properties
	No of Umzimkhulu provincial assets registered	Obtain SG diagrams and related documentation for readiness to take transfer.	Not achieved.	All the 80 Umzimkhulu properties are unsurveyed properties and therefore no SG diagrams exist. To lobby for funding to have these properties surveyed.
	No of surveyed State Domestic Facilities on Ingonyama Trust land	Obtain SG diagrams and related documentation for readiness to	500 SG diagrams obtained	Nil

PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
	properties identified.	take transfer.		
	No. of former RSA properties vested into the name of KZN provincial govt.	100	Vested properties Total = 187	The over achievement was due to the finalization of endorsements from the previous financial year. 100: Planned target 87 : Backlog
To satisfy land and building needs of Provincial Departments through property acquisition and disposal	No of properties acquired	30	Progress as follows: Acquisition plan is in place. No. of acquisitions finalized: 7 No. at conveyancing stage: 11 No of acquisitions with delayed funds approval: 6 No of acquisitions with delayed surveys: 6	Delays in funds approval DoE for the following properties 1. Rem of Portion 32 of the Farm De Jagers Kraal 2. Portion 27 of the San Souci No.2990 3. Portions 61-64 all of Erf 4362 Reservoir Hills 4. Mbuyiselo Primary School site 5. Erf 98 Cliffdale 6. Erf 738 Ezakheni Delay due to lengthy acquisition processes, e.g. conveyancing Delays with Survey as the land Surveyors need to comply with the Planning and Development Act for



PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				the following cases: 1. Portion of Erf 165 of the Farm Kafirdrift No 906 2. Lihlithemba Seconday School site 3. Portion 45 of the Farm Fairview No. 15590 4. Portion 46 of the Farm Fairview No. 15590 5. Erf 382 Mahlabathini 6. Sebenzakanzima school site Continuous liaison with the client departments
	No of properties hired	19	37 cases finalized in the reporting period	The over achievement was due to additional cases received after targets had been set. 19 : Planned target 18 : Additional cases
	No of properties disposed of	92	No. of cases finalized: 3 Progress is as follows:	Most of properties earmarked for disposal are within R293 towns and will first need to be transferred to name of the Province before they are disposed. The other challenge

PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
			<p>MEC Approvals: 4</p> <p>No. at conveyancing stage: 2</p> <p>No. at Bid stage: 3</p> <p>Former R293 properties : 43</p> <p>No of properties that require rectification: 22</p> <p>No of properties that require surveys: 3</p>	<p>was with municipalities with a sizeable number of these properties and could not realise Title Deeds and one municipality has a claim dispute on the properties that had to be disposed.</p> <p>Engagements with municipalities are underway to correct these anomalies and take transfer</p>
	No of properties let	8	7 cases finalized.	One letting (SITA) could not be finalised due to legal implications.
To ensure youth participation in refurbishment of buildings in line with National Property Management	No. of jobs created from refurbishment of buildings by youth	1 200	17 jobs created.	There was no clause which forced the landlords to submit proof of jobs created. This has subsequently been changed and a clause inserted into the revised bid document compelling the landlord to submit proof of employment. A form has

PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
Strategy.				been devised and is part of the returnable documents for bidders. The revised bid document is currently receiving the attention of the various bid committees.
To ensure implementation of vacant land clearance programme (Izandla Ziyagezana)	No. of Izandla Ziyagezana jobs created on old sites	73 jobs sustained	67 jobs sustained.	2 beneficiaries found better employment. 2 beneficiaries passed away. 2 beneficiaries absconded
	No. of Izandla Ziyagezana jobs created on new sites	55 jobs	452 Job created	The over achievement was due to EPWP incentive grant as well as additional DoE funding.
To ensure implementation of Property Incubator Programme (PIP)	No. of Property Incubator trainees completing training in: - Property management skills - Property development &	63	Not achieved The 53 PIP participants were temporarily appointed by the Department in the fourth quarter (since Dec 2010 – May 2011) to gain practical experience in	The SCM component could not secure the service provider due to bidders not meeting the requirements, e.g. accreditation.

PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
	real estate - Facilities management & ownership		Property Management.	
To promote economic transformation and investment within Property sector through hirings, lettings and disposals	No. of HDIs benefiting from hirings, lettings and disposals	Identify individuals and groups as well as putting processes in place	62 HDIs benefitting	Nil
To provide effective client liaison and management services	Resolutions and decisions taken implemented	106 meetings, summits, indaba	Total of 76 meetings took place OPAC – 4 ROPAC –37 Landlords Forum – 1 GIAMA user forum – 3 GIAMA Tech Com. - Municipal forums – 4 2 (Youth and women summits) 14 housing committee	Not all the meetings were held mainly due to the public service strike lead to postponement of some meetings The departmental municipal forums were held instead of individual regional fora.



PROGRAMME 2: PROPERTY MANAGEMENT				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
			10 Client liaison 1 Property Indaba	

2.2.3 Programme 3: Provision of buildings, structures & equipment (Operations)

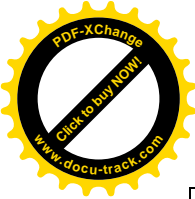
Purpose: The main purpose of this programme is the erection and/or acquisition of buildings, structures and engineering works and the maintenance of buildings to client specifications. The core services are:

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

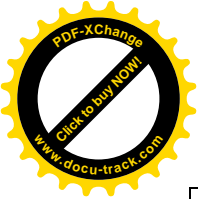
The strategic objectives, annual targets and actual performance for 2010/11 for the Provision of buildings, structures & equipment (Operations) programme are detailed below:

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
Implementation of the Annual Infrastructure Delivery Improvement Programme (IDIP)	All Projects defined as Backlog completed	44 Classrooms and 130 Toilets completed March 2011	<p>21 Classrooms and 92 Toilets completed as at end of March 2011, averaging 61% projects completion.</p> <p>The remaining balance of 23 Classrooms and 38 Toilets to be completed in the 2011/2012 Financial Year.</p>	<p>Slow progress due to non-performance by contractors and limited Project Managers, however, Interns are being recruited.</p> <p>To liaise with SCM for</p>

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)																									
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET				REASONS FOR VARIANCE																			
		ANNUAL TARGET 2010/2011		ACTUAL																					
			<div> <u>Backlog Projects (outstanding) are as follows :</u> C = Classrooms T = Toilets </div> <table> <tr> <th colspan="2">Planned</th> <th colspan="2">Completed</th> <th colspan="2">Outstanding</th> </tr> <tr> <th>C</th> <th>T</th> <th>C</th> <th>T</th> <th>C</th> <th>T</th> </tr> <tr> <td>44</td> <td>130</td> <td>21</td> <td>92</td> <td>23</td> <td>38</td> </tr> </table>				Planned		Completed		Outstanding		C	T	C	T	C	T	44	130	21	92	23	38	development of a pre-approved list of high performing Contractors to finalize re-measured works of cancelled projects to avoid delays.
Planned		Completed		Outstanding																					
C	T	C	T	C	T																				
44	130	21	92	23	38																				
	IPIP finalized in line with approved IPMP by June for IDIP Departments only	June 2011	<div> <u>DoE IPIP : 2010/2011</u> IPIP finalized and approved by DoE on 20-July-2010. <u>DoH IPIP : 2010/2011</u> IPIP finalized & approved by DoH on 01-Sept-2010. <u>DoH IPIP : : 2010/2011 (Conditional Grants)</u> IPIP finalized and approved by DoH on 01-Sept-2010. <u>DoPW IPIP : 2010/2011</u> IPIP finalized and approved by DoPW on June 2010. </div>				Delays on submission of IPMP by clients Depts & delays in internal IPIPs being finalised due to lack of capacity. All HoDs reminded on the submission of IPMPs for 2011/12.																		

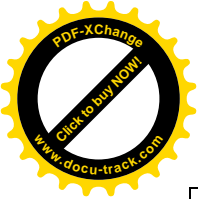


PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
	% & number of allocated projects completed per IPIP Program	100% Projects completed by Mar-2011 <u>DoE</u> 02 New Schools completed by March 2011	One (01) School (Molweni) completed and the other School (Nkombose) is 75% complete.	Due to extension of time, project is anticipated for completion in the new Financial Year (2011/2012).
		<u>DoE</u> 52 Planned Maintenance Projects completed by March 2011	32 Planned Maintenance Projects completed by March 2011, averaging 61% completion and the remaining projects to be completed in 2011/2012 Financial Year.	<u>Challenges</u> Non-performance by contractors and limited Project Managers. Lack of Fixed Rates Period Contract (FRPC) in the department to deal with emergency / urgently minor works. <u>Way-Forward/ Interventions:</u> To appoint Project Management Interns to deal with limited capacity.



PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				To pursue finalisation of all period contracts by the Department in order to fast-track service delivery and assist with improving expenditures.
		<u>DoH</u> 48 Clinics and Hospitals Projects completed by March 2011	41 Clinics and Hospitals Projects completed by March 2011, averaging 85% completion and the remaining projects to be completed in the 2011/2012 Financial Year.	<u>Challenges:</u> Poor performance by contractors and limited number of Project Managers. <u>Way-Forward/ Interventions</u> To appoint Project Management Interns to deal with limited capacity.
		<u>Conditional Grant</u> 11 Revitalization Projects and Mortuaries Facilities completed by March 2011	08 Revitalization Projects & Mortuaries Facilities completed by March 2011, averaging 72% completion and the remaining projects to be completed in the 2011/2012 Financial Year.	<u>Challenges:</u> Greytown has been terminated for non-performance and is to be re-advertised. Other projects have slow progress due to Contractor cash-flow problems. <u>Way-Forward/ Interventions</u> Remaining projects are anticipated to be completed in the

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				2011/2012 Financial Year.
		<u>DoPW</u> Upgrades and repairs of 10 DoPW Offices by March 2011.	02 Projects completed (Newcastle District Office and Mtubatuba Sub-District Office) by March 2011.	<i>Southern Regional Offices:</i> Project was cancelled and has legalities. Completion contract will be on-site by June 2011. <i>Midlands:</i> Extension of time granted. New completion date is November 2011.
			<u>Southern Region</u> Completion contract documents were received and were stopped due to the Court case in progress.	Project Leader to monitor Legal Services and the Court case.
		Mtubatuba 100% complete by October 2010	99% physical progress complete by March 2011.	—
		Mkhuze 90% completed by March 2011	85% physical progress complete by March 2011.	Project progressing well with no challenges.
		Southern 100% completed by September	Completion contract documents were received; sent to BEC 14-April-2011; and were stopped due to the Court	Project Leader to follow up with Legal services



PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
		2010	case in progress.	
		Midlands 100% completed by March 2011	99% physical progress complete by March 2011. New completion date is 30 November 2011.	Extension of Time No.5 approved on 22-Mar-11. Project progressing well, therefore no challenges anticipated.
		Amajuba 100% completed by June 2010	100% physical progress complete.	—
		Nongoma 100% completed by June 2010	80% physical progress complete (April 2010). Project to complete at 80% due to property ownership issue. Instruction to register property sent to State Attorney by the 08-Oct-2010. State Attorney finalizing transfer of ownership into the department (DoPW)'s name. Once achieved, Municipality will be required to vacate the Offices. This matter was long delayed already.	<u>Challenges:</u> Nongoma Municipality not giving access to site. Property Management is dealing with the matter.
		191 Prince Alfred Phase II Head Office Tender documents finalized by March 2011	Project Leader busy resolving the land issue, submission to appoint Town Planner has been approved, anticipated date for site handover is August 2011.	—
		Ixopo District 40% completed by Mar-2011	Project on-site. 15% complete and progressing well.	There were delays with adjudication process.

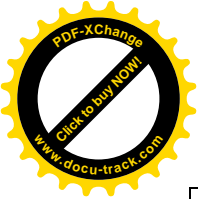
PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
		Greytown Sub-District 10% completed by March 2011	Documents within the regional SCM, currently awaiting the IPIP approval for proceeding through Committees.	Challenges were experienced when internal Architect abandoned project. However, project is back on track and progressing well.
		Ethekwini District to be at Tender Stage by March 2011	Consultants briefed on the 06 th of October 2010. Region management still to identify the building to be used for this project.	Only R2 million has been set aside for planning in the 2011/2012 Financial Year.
		<u>Non-IDIP Departments</u> Projects implemented as and when instructed	<p>Departments that have submitted their 2010/2011 Infrastructure Plans are as follows:</p> <ul style="list-style-type: none"> • Department of Social Development (DSD) • Department of Agriculture (DoA) • Department of Traditional & Local Government (DT&LGA) <p>Other remaining Clients Departments have not yet submitted their Infrastructure Plans (IPMPs) for the 2010/2011 Financial Year.</p>	<p><u>Challenges</u> Lack of submission of IPMP by Client Departments.</p> <p><u>Way-Forward/ Interventions</u> Implementation of IDIP by all Client Depts. Reminder letters HOD's sent June-2010, others by October-2010.</p>
			09 Other Clients Projects completed by March 2011 against a target of 18 projects, averaging 50% completion.	<p><u>Challenges</u> Slow progress due to the non-performance by the Contractors and lack of Project Managers.</p> <p><u>Way-Forward/ Interventions</u> Project Managers Interns have</p>

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				been shortlisted to deal with limited capacity.
	Eradication of Inappropriate School Structures (Mud-Schools)	03 Inappropriate Structures replaced & completed by end of March 2011.	There was NO new allocation for the 2010/2011 Financial Year.	—
	% of allocated budget spent by end of Financial year	100% budget spent by March 2011	66% of the budget spent against 100% time lapsed as at end of March-2011. Overall, R929,796 budget spent against allocated budget of R1,417,708 as at end of March-2011.	<p><u>Challenges:</u></p> <p>Less expenditure has been realized due to the following reasons:</p> <ul style="list-style-type: none"> • Lack of submission of IPMPs by Client Departments in time. • Late approvals of IPIPs by client departments; unclear projects scope on the R & R; the lack of FRPC's to fast-track ordinary projects; etc.

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				<u>Way-Forward/ Interventions :</u> <ul style="list-style-type: none"> Implementation of IDIP by all Client Departments. DoE IPMP to come up with a full scope. Department to finalize FRPC. Department to finalize the Post-Cancellation Contract.
	% of allocated budget spent per Client request (Unplanned Maintenance Projects)	DoE R100Million spent by March 2011. DoPW R6.7 million spent by March 2011.	<u>DoE</u> Out of R100 million, an amount of R90.61 million was spent by March 2011, equivalent to 90.61%. <u>DoPW</u> The baseline of R6.7Million was adjusted to R8 million. Out of R8 million, an amount of R 9,395 million was spent by March 2011, equivalent to 117%	<u>DoE</u> Reasons for under-expenditure were as follows: <ul style="list-style-type: none"> Unplanned maintenance consists of unplanned projects which are done on ad-hoc basis, which is not possible to plan in advance. IPIP was approved in the 2nd Quarter. Some of the projects had no clear scope hence incorrect projects. Delays in approval of additional projects identified in the IPIP in order to spend. Lack of FRPC to fast-track ordinary projects.

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				DoPW The reasons for over-expenditure are: <ul style="list-style-type: none"> Unplanned maintenance consists of unplanned projects which are done on ad-hoc basis which is not possible to plan in advance hence the 8million budget was overspent.
	No. of existing Internal District Offices be Disable-User-Friendly in terms of Toilets and Ramps	03 District Offices completed by March 2011	03 District Offices (Nongoma, Mtubatuba and Newcastle) completed by March 2011.	Nil
To promote indigenous construction methods	Participate in the Alternative Construction Methods	To pilot one Project on Alternative Construction Methods	Ixopo District Office is being piloted.	—
	% of allocated Budget spent	Implementation of the Envelop Management Approach	Tender Documentations approved and advertised.	Delays in the procurement. Implementation will be done in the 2011/2012 Financial Year.
To implement Masakhe Emerging Contractor	Number of Contractors Trained on Tendering and	300 Contractors trained by March 2011	367 Contractors trained on tendering, OHS and capacity building by March 2011 in Partnership with NURCHA.	No funding allocation for Masakhe ECDP in the 2010/2011 Financial Year. Funding came through a partnership with NURCHA.

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
Development Programme	OHS under Masakhe Emerging Contractor Developmentt. Prog (ECDP)			
Promotion of Labour Intensive Construction Methods through Expanded Public works Programme	Number of EPWP Jobs created by 31 March 2011.	20 000	40,947 Job Opportunities (equivalent to 7,976 jobs) created by 31 March 2011.	<p>This has changed as a result of EPWP phase 2 yet the target was already in the MTEF Green book and could not have changed i.e. jobs created versus job opportunities.</p> <p>The Department received an EPWP Incentive Grant of R 659,400, which comes with the condition that says it must be utilized for the creation of further jobs. This funding was then utilized as follows:</p> <ul style="list-style-type: none"> • Massification of the Izandla Ziyagezana Programme wherein 143 beneficiaries were employed, • The erection of HIV / Aids Awareness Campaign Signboards where 120 people



PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
				<p>/beneficiaries were employed,</p> <ul style="list-style-type: none">• The Department of Education also allocated an amount of R500, 000 which to be used to further upscale Izandla Ziyagezana Programme on DoE sites and 188 beneficiaries were employed. <p>All of these job opportunities were created over and above the jobs that were created on infrastructure projects implemented for clients and Public Works projects.</p> <p>It was then through all the above initiatives that the department was able to achieve its target exceedingly with 20 947 and Izandla Ziyagezana Programme is a Public Works programme that was crafted as a job creation and a poverty alleviation initiative and so it is the right tool to maximize job opportunities.</p>
To empower Youth through National Youth	Number of NYS Learners completing NYS	150 qualifying learners exiting to job opportunities to various	42 Learners placed on sustainable jobs. MoU to place learners in municipalities signed with CoGTA and still awaiting consultation process from the	<p><u>Challenges:</u></p> <p>Economic difficulties restrict no. of</p>

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT (OPERATIONS)				
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASONS FOR VARIANCE
		ANNUAL TARGET 2010/2011	ACTUAL	
Service (NYS) programme and priority skills	Programme	Municipalities by March 2011	two Departments.	learners absorbed. Unavailability of COGTA.
		35 Youth Contractors certified for Learnership Programme (Contract Contracting)	38 Youth Contractors graduated and certified on the 04 th June 2010.	—
To implement Partnership Projects	Number of Partnership Projects Implemented	02 Partnerships Projects Implemented by March 2011.	<p><u>Construction CETA</u></p> <p>Partnership with CETA for the Skills Development Program for Plumbing, Masonry & Carpentry was concluded. CETA approved DoPW funding (R595,000) for 119 Learners. SLAs between DoPW & CETA finalized.</p> <p><u>NURCHA & DEDT KZN SMME Fund</u></p> <p>Contractors are being referred to NURCHA and KZN SMME Fund as part of the Partnership arrangement.</p>	—



3. ANNUAL FINANCIAL STATEMENTS

3.1 Report of the Audit & Risk Committee on Vote 14 - Public Works

The KwaZulu-Natal Provincial Audit & Risk Committee is pleased to present its report for the financial year ended 31 March 2011.

Provincial Audit & Risk Committee Members and Attendance

The Provincial Audit and Risk Committee consist of the members listed hereunder. During the year under review the contracts of two (2) members expired while the contracts of the five (5) other members were terminated by the MEC: Finance. A new Provincial Audit & Risk Committee was appointed with effect from the 01 June 2011.

The Cluster Audit & Risk Committee (CARC) is a sub-committee of the Provincial Audit & Risk Committee (PARC). The CARC and the PARC are required to meet at least four times and two times respectively in a financial year. During the financial year ending 31 March 2011 a total of eleven (11) meetings were held, namely, two (2) PARC meetings, seven (7) CARC meetings and two (2) special meetings. Members attended the meetings as reflected below:

Surname & Initial	PARC		CARC		Special		Total no. of Meetings Attended
	No. of Meetings Held	Attend ed	No. of Meetings Held	Attend ed	No. of Meetings Held	Attend ed	
Adv BS Khuzwayo (Contract expired June 2011)	2	2	7	7	2	1	10
Mr V Naicker (Contract expired – reappointed 01 June 2011)	2	2	2	2	2	1	5
Mr N Mhlongo (Contract terminated December 2010)	2	1	3	3	2	2	6
Mr S Taku (Contract terminated December 2010)	2	2	2	2	2	2	6
Mr P Mnisi (Contract terminated December 2010)	2	2	2	2	2	2	6
Ms P Gobinca (Contract terminated December 2010)	2	2	2	2	2	2	6
Ms E Ogunniyi (Contract terminated December 2010)	2	0	2	1	2	1	2
Ms T Tsautse (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr T Boltman (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr F Docrat (Appointed 01 June 2011)	0	0	0	0	0	0	0
Ms N Jaxa (Appointed 01 June 2011)	0	0	0	0	0	0	0
Ms M Mothipe (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr L Mangquku (Appointed 01 June 2011)	0	0	0	0	0	0	0

Provincial Audit & Risk Committee Responsibility

The Provincial Audit and Risk Committee reports that it complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations, including any other statutory and other regulations. Subsequent to the dissolution of the previous Committee, the new Provincial Audit & Risk Committee resolved all outstanding responsibilities for the financial year.



The Provincial Audit and Risk Committee also reports that it adopted appropriate formal terms of reference as its Provincial Audit and Risk Committee Charter, regulated its affairs in compliance with this charter and discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The systems of internal control are the responsibility of the department's management and are designed to provide effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the requirements of the PFMA and the principles of the King Reports (II and III) on Corporate Governance, the Internal Audit Function provides the Provincial Audit and Risk Committee and the departmental management with assurance that the systems of internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Report and Management Letter of the Auditor-General on the Annual Financial Statements, it was noted that the systems of internal control were not effective for the year under review as control deficiencies were detected in the following significant control areas:

- Supply Chain Management
- Asset Management
- Fleet Management
- Infrastructure Management

The quality of “In Year Monitoring” and monthly / quarterly reports submitted in terms of the Treasury Regulations and the Division of Revenue Act

The Provincial Audit and Risk Committee through the Internal Audit Function was satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the department during the year under review.

Audit of Performance Information

The monitoring of the department's performance is a key function of the executive management of the department. The Provincial Audit & Risk Committee has no direct line of responsibility over the department's performance. However, the Provincial Audit and Risk Committee is responsible for ensuring, principally through the Internal Audit Function that the systems of performance management, measurement and reporting; as well as the systems of internal control that underpin the performance management framework of the department, remain robust and are reviewed routinely in the internal audit plans.



The Committee has accepted the responsibility of ensuring that adequate reporting on performance information is in line with its mandate and charter.

The Committee reviewed the Internal Audit and Auditor-General reports relating to Performance Information and noted that there were no material deficiencies identified during the reviews.

Internal Audit Function

The Provincial Audit & Risk Committee provides oversight and monitors the activities of the Internal Audit Function. Consequently, the Committee is able to report on the effectiveness and efficiency of the function.

The Committee noted that the finalization of some audits was delayed due to the failure of management to provide management comments and action plans timeously. The execution of some audits was also postponed due to other commitments by key management of the department. The Committee has taken the necessary corrective action to resolve this shortcoming and believe that this will not be a re-occurrence in the 2011/12 fiscal year. The Committee will in, the forthcoming year, monitor progress to ensure that Internal Audit continues to add value to the department and achieves its optimal performance.

Risk Management Function

Risk Management is a proactive discipline that involves scenario planning and that is intended to provide reasonable assurance that the department will achieve its objectives. King III principle 2.2 states that the board, (executive authority in the case of a government department) "should appreciate that strategy, risk, performance and sustainability are inseparable."

Since the approval of the Provincial Risk Management Framework in March 2010, and during the financial year under review, the Committee monitored how the department established the necessary risk management functions, risk policies, and oversight structures. The Committee believes that these interventions will assist the department in complying with the Provincial Risk Management Framework, and the risk management sections of the PFMA.

The Committee noted that the department had a dedicated Risk Management Function and a Risk Management Committee.



Although progress was made in implementing the risk mitigation strategies arising from the risk assessments facilitated by the Provincial Treasury's Internal Audit Function, the Committee urged the department to finalise implementation of its risk mitigation strategies arising from the IT Security risk assessments.

Other Governance Issues

As part of its governance responsibilities, the Committee also monitors the fraud prevention strategies that have been developed and implemented by provincial departments, and these responsibilities include monitoring the implementation of recommendations arising from forensic investigations.

During the period under review, the Committee noted that the department had 4 completed investigations and 1 ongoing investigation that were conducted by the Provincial Internal Audit Function. The Committee further noted that the department had 29 investigations, as reported by the Auditor-General, that it was not aware of.

The department was urged to implement recommendations arising from the completed investigation, and to provide the Internal Audit Function with a detailed list of all other investigations being conducted internally or by other relevant authorities.

Evaluation of Financial Statements

The Provincial Audit and Risk Committee were provided a report by the Internal Audit Function that reflects the results of the review of the annual financial statements. The Provincial Audit and Risk Committee concurs and accepts the Internal Audit report on the above, as well as the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.


Chairperson: Provincial Audit & Risk Committee

Date: 05 August 2011



3.2 Report of the Accounting Officer

Report by the Accounting Officer to the Executive Authority and Provincial legislature of KwaZulu-Natal

3.2.1 General Review of the State of the Financial Affairs

3.2.1.1 Key Priorities

During the 2010/11 financial year, the Department's main focus was on accelerated service delivery by implementing the multi-year approach to infrastructure planning, the Infrastructure Delivery Improvement Programme (IDIP) and the improvements in the property management chief directorate including payments of property rates and the implementation of the Government Immovable Asset Management Act. This was done in line with the 2010-2015 Medium Term Strategic Framework (MTSF) objectives

The main programme initiatives in the 2010/11 financial year with a substantial new budgetary requirements related to the devolution of the payment of municipal property rates from the national to the provincial department of Public Works. The National Treasury allocated the department a conditional grant of *R259,891,000 for 2010/11* to pay the property rates and received a rollover of R177,000. It was immediately realized that the allocated budget was insufficient for the financial year based on the previous expenditure schedules that were in possession and some invoices that were at hand at the end of the financial year. Requests and representations were made at various fora for an additional allocation to cover the shortfall resulting in R450,000,000 being allocated in November 2010 thus bringing the total amount to R710,068,000. The department spent R509,939,000 (71,81%) of the grant by the end of the 2010/11 financial year. This was mainly due to some of the amounts which were reflected on schedules getting reduced after verification, inability of municipalities to account for the opening balances and capacity challenges at municipal level resulting in some of them unable to generate invoices before the end of the financial year. Though the Public Works department working with Treasury tried to ensure that most of the invoices are received, there were some municipalities that failed to produce invoices at all. The department is engaging with these municipalities to avert such challenges in future.

2010/11 was the first year for the auditing of the implementation of the Government Immovable Asset Management (GIAMA) Act by provinces, the



department stepped up the update of the provincial fixed asset register, as well as vesting some of those properties not yet registered under the Provincial Government in the Deeds registry.

Presentations were done in various departments and various structures to ensure compliance of the departments with the provisions of the Act. This obviously included continuous training where necessary. A total of 15 user asset management plans were compiled and 1 custodian asset management plan was compiled. At least now departments have an idea of the budgetary requirements for the maintenance of their buildings. This was done within budgetary constraints as this department did not receive funding to compile comprehensive assessments of properties.

To meet its stated objectives of transforming the construction and property sectors, contributing to employment creation and skills development, the department pursued the following programmes:

- Intensified and diversified Expanded Public Works Programme through Izandla Ziyagezana Programme;
- Masakhe Emerging Contractor Development Programme;
- Bursary & Internship Programme;

Under various conditions, cost cutting measures and ailing economy, lack of capacity on technical skills the department has been in a position to make able to deliver and meet its mandate and government objectives as contained in the 2010-2015 MTSF.

3.2.1.2. Spending Trends

The budget allocation to the department's vote increased by 8.71% from R798,625,000 in 2009/10 to R868,214,000 in 2010/11. An additional allocation of R465,369,000 was received in the adjusted appropriation. Of this additional allocation R450,000,000 was in respect of devolution of property rates conditional grant.

At the end of the 2010/11 financial year, the department had spent R1,114,209,000 or 83,6% of its budget. The under-expenditure of 16.4% of the budget allocation was due to the following:

- R198,346,000 in terms of property rate payments as a of disparity of schedules and invoices, inability of municipalities to account for opening



balances as well as late receipt of invoices from Municipalities and some invoices not received at all;

- R6,333,000 in respect of compensation of employees which is mainly attributable to delays in the filling of vacant posts (includes R1,783 million for grant);
- R14,833,000 in terms of capital infrastructure due to slow progress of various capital projects.

3.2.2. Services Rendered By the Department

In terms of its mandate, the department provides provincial client departments with the following building infrastructure and property management services:

- 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;
- The acquisition of buildings and land to meet the accommodation and service facility needs of provincial government departments; and
- The alienation of public buildings and land, including the disposal of fixed assets by selling, demolition, exchanging and donation.

The Department bears the cost of providing the administrative, professional and technical support from its budget and it recovers the cost of providing building infrastructure services from the client departments on a cost basis. The Department therefore does not operate a tariff policy.

Detailed analysis of expenditure on client departments for 2010/11 shows that services are provided to all the client departments throughout the province.

CLIENT EXPENDITURE FOR 2010 TO 2011

Infrastructure

OBJECTIVE	ETHEKWINI REGION R,000	MIDLANDS REGION R,000	NORTH COAST REGION R,000	SOUTHERN REGION R,000	TOTAL R,000
Arts and Culture	63	0	0	174	237
Agriculture	929	2,281	10,551	9,927	23,688
Economic Dev	0	0	711	0	711
Education	85,597	44,983	142,300	66,018	338,898
Health	31,819	47,482	71,755	100,877	251,933
Health – Conditional Grant	94,780	17,197	42,640	34,225	188,842
Royal Household	0	0	0	0	0
Human Settlement	0	0	0	0	0
Prov. Parliament	63	0	51	1,562	1,676
Premier	561	0	0	89	650
Transport	274	178	486	2,909	3,847
Sport & Recreation	0	0	0	0	0
Trad. & Loc Government	571	6	518	187	1,282
Social Development	3,656	15,495	22,694	1,366	43,211
Public Works	3,555	11,914	42,236	17,111	74,816
TOTAL	221,868	139,536	333,942	234,445	929,795

This table shows expenditure of just under R1 billion in respect of infrastructure for client departments. Low expenditure in the 2010/11 financial year can be attributable to the

late submission of infrastructure plans from client departments as well as an increase in projects being cancelled due to contractors' poor performance. A strategy to address poor performance is being developed by the Department.

Leased Properties

OBJECTIVE	ETHEKWINI REGION R,000	MIDLANDS REGION R,000	NORTH COAST REGION R,000	SOUTHERN REGION R,000	TOTAL R,000
Arts and Culture	3,187	696	0	4,215	8,098
Agriculture	3,105	2,418	2,916	2, 827	11,266
Comm Safety	0	0	0	1,094	1,094
Economic Dev	1,282	3, 069	0	2,111	6,462
Education	660	8,633	2,736	10,863	22,892
Royal Household	0	0	0	0	0
Human Settlements	4,113	0	0	3,815	7,928
Health	2,652	2,887	1,215	5,267	12,021
Prov. Parliament	0	0	0	0	0
Premier	908	0	0	0	908
Transport	0	0	0	1,501	1,501
Sport & Recreation	0	893	1,343	2,302	4,538
Trad. & Loc Govmnt	1,036	1,223	543	9,059	11,861
Social Development	4,182	1,678	926	8,964	15,750
Treasury	0	0	0	3,277	3,277
Public Works	12	453	0	112	577
TOTAL	21,137	21,950	9,679	55,407	108,174



R108,174 million has been spent on the hiring of properties for Provincial Government use. The future outlook remains constant unless there is further investment in the construction of new office accommodation. In the event that Government constructs Government buildings, the picture on expenditure could decline.

Property Rates

Other than infrastructure and leasing of properties the department is also responsible for the payment of property rates by means of the Devolution of Property Rates Funds Grant which was devolved to Provinces at the beginning of the 2008/09 financial year. The department received a conditional grant of R259,891,000 million, a rollover of R177,000 and an additional allocation in the adjusted budget estimates of R450,000,000 bringing the total allocation to R710,068,000. The department spend 71,81% of the grant in the financial year. The main reasons for the underspending are the disparity of amounts in schedules and invoices, inability of municipalities to account for opening balances as well as late receipt of invoices from Municipalities and some invoices not received at all.

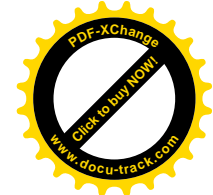
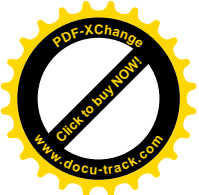
3.2.3 Capacity Constraints

Operating within the built environment professions makes it compulsory for the department to employ and utilize skilful, technical and specialist services of the architectures, engineers like civil, electrical and mechanical, and other related fields. These professions remain a national challenge and they fall within a category of scarce skills in our country. Hence the shortage of suitably labour is identified as one of the binding constraints that negatively contribute to challenges the Department face in realizing its mandate in infrastructure.

Responding to this challenge, as a short-term measure to alleviate the skills shortage, the Department has appointed candidate professionals in the fields of architecture, civil and electrical engineering and candidate Project Managers. This also responds to the call to ensure employment of young people as it gives the necessary experience.

In the medium-term the department is intensifying its Internship Programme and has recruited 13 interns. The Department's interns are gaining practical exposure to project design, project management and other learning areas – a requirement for their registration as professionals.

The departmental bursary policy is starting to slowly show results with a total of 25 ex-bursary holders who have been absorbed in 2010/11 into vacant technical positions within the department.



3.2.4. Utilisation of Donor Funding

The Department did not utilise any donor funds during the 2010/11 financial year.

3.2.5. Trading entities and public entities

The Department was not involved with trading and public entities during the 2010/11 financial year.

3.2.6. Organisations to who transfer payments have been made

Transfer payments as reflected in the Annual Financial Statement are in respect of payment of Municipal rates to municipalities, transfer to households in respect of severance packages and Departmental Agencies and Accounts in respect of skills development levy and workman's compensation.

3.2.7. Public private partnerships (PPP)

The Department has not entered into any public private partnerships during the 2010/11 financial year.

3.2.8. Corporate governance arrangements

The King Report, informed by the Constitution and Public Finance Management Act, 1999 (Act 1 of 1999) as amended, and the dictates of the King I, II and III reports, address the conformance of Department of Public Works to the relevant statutory and regulatory imperatives. The Department as Government entity is required to prepare and submit annual financial statements which incorporate a corporate governance report.

Senior management of the Department of Public Works endorses the Code of Corporate Practices and conduct contained in King Report III Report on Corporate Governance. By supporting the Code, senior management has recognised the need to conduct the Department of Public Works affairs with integrity and in accordance with generally accepted corporate practices.

3.2.8.1 Risk Management

The department has also established a Risk Management Committee. The purpose of this committee is to monitor and manage the impact of identified risks and to ensure corrective action is taken to mitigate the impact of these risks.

The Audit Committee is responsible for the oversight requirements of risk management and evaluating and monitoring the Department's performance with regard to risk management.

The day-to-day work practice involves risk assessment which is carried out intuitively and formally in line risk management policy. The risk management policy formalises the risk management process with risk registers maintained and reviewed as part of the business process.



3.2.8.2 Fraud Prevention

The department considers fraud prevention as an integral part of an overall Departmental Risk Management Strategy. The Compliance & Risk Management section focuses specifically on fraud prevention, detection and investigation. The Department has fraud prevention policy and response plan that contains the policy stance of the department to fraud and corruption as well as the response mechanisms in place to report, investigate and resolve incidents of fraud and corruption which impact on the department.

A zero tolerance policy on fraud and corruption has been adopted by the department. A fraud and corruption prevention plan has been adopted by the departmental Executive Committee and approved by the Head of Department. The plan is being actioned through staff workshops.

3.2.8.3 Effectiveness of Internal Audit and Audit Committee

The compliance & risk management section implement a risk based internal audit plan annually. It performs an advisory role to management by ensuring periodic audits and reports are produced based on evaluation of the department's system of internal controls and risk management processes. The section also assesses the department's ability to comply with legislative requirements as well as performance of its functions in accordance with the mandate and commitment made in the strategic plan.

The Audit Committee has been appointed in terms of PFM Act, 1999 (Act No. 1 of 1999) as amended and members discharge their functions in accordance with the PFMA, Treasury regulations and Audit Committee Charter. Members have at each Audit Committee meeting engaged management on, among others, matters relating to performance and financial management improvement action plans formulated to address performance and financial management weakness identified by external auditors in the previous financial years.

3.2.8.4 Other governance structures, including management processes to minimise conflict of interest.

The following committees exist: Top Management, Executive Committee (EXCO) and Departmental Bid Adjudication Committee (BAC). These are functioning effectively and are achieving their objectives. Management structures are in place to deal with the flow of information, issues of conflict of interest, provide leadership and facilitate decision making



The department has an established Executive Committee which meets on a monthly basis to monitor and report back on the performance of each of the departments programmes. This committee also sets and provides the strategic leadership within the department.

The Departmental Finance Committee continues to meet on a monthly basis. This committee provides the much needed coordination of financial decision-making within the department and is a focal point for addressing issues in the complex financial environment within which Public Works must manage its relationships with the client departments and with the multitude of contractors working on its behalf.

3.2.8.5 Implementation of the Code of Conduct

The department had in the absence of its own code of conduct for employees adopted and continued to implement the Public Service Code of conduct developed by DPSA to manage the conduct of employees. This is supplemented by Public Service Coordinating Bargaining Council (PSBC) resolutions such as Disciplinary Procedure (Resolution 1 of 2003) and Grievance Procedures (Resolution 14 of 2002) in the public service to deal with disciplinary matters as well as formal complaints from employees.

3.2.8.6 Safety, Health and Environmental Issues

The Department adheres to health and safety standards and regulations that are contained in the acts and policies by ensuring that plans and structures are in place to safeguard the wellbeing of the employees.

3.2.9. Discontinued activities / activities to be discontinued

There are no discontinued activities.

3.2.10. New Proposed activities

The department will address the following key challenges and developments in the current year:

Implementation of Government-Wide Immovable Asset Management Act (GIAMA)

- The Government Immovable Asset Management Act, No 19 of 2007 (GIAMA) came into effect on 1 April 2010 for all provincial departments.
- Government Immovable Asset Management (GIAMA) Act provides a uniform, efficient, effective, transparent and accountable management of immovable assets in the province.



Co-ordination of the KZN Integrated Greening Programme

The Department was tasked to develop this programme in partnership with the Midlands Conservation Trust. A concept document has been finalized and the programme is done in partnership with departments like Department of Agriculture, Department of Economic Development and Tourism and Department of Human Settlements. It is envisaged that all Government departments will be fully participating by the end of the financial year. The main focus of the programme is job creation through waste management, planting of trees, indigenous fruit trees, establishment of young entrepreneurs and thus responding positively to climate change.

3.2.11. Asset Management

The department has established both an immovable and movable asset register. In terms of the immovable asset register the department has a complete register meeting the minimum requirement of National Treasury guidelines. In terms of movable assets the department has recorded all assets on the register and meets the minimum requirements as required by National Treasury.

3.2.12. Inventories

All inventory opening and closing balances, together with movements for the year will be reflected in the Annexure on Inventory. The total value of the closing balance as at 31 March 2011 was R4,233 million (2009/10: R2,016 million).

3.2.13. Events after the reporting date

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

3.2.14. Information on predetermined objectives

The departmental information of predetermined objectives has been reported on monthly and quarterly basis. This has enabled the department to track its performance per functional area and also identify challenges and appropriate interventions and control measures. In addition to this, the department conducts mid-term reviews.

To effectively improve on this function, the department has established a dedicated unit to improve the internal processes on matters relating to planning, implementation, monitoring and reporting.

3.2.15. SCOPA resolutions

SCOPA RESOLUTION	SUBJECT	PROGRESS
Resolution 77/2008	Urban representative's houses	These properties are being registered in the name of Province of KwaZulu-Natal in order to continue with the disposal process.
Resolution 78/2008	Ulundi Ministerial Houses and Legislature Assembly Flats: Amounts owing	<p><u>Arrear rental for the Ministerial houses</u></p> <p>Responses from the Department of Royal Household and Legislature are awaited.</p> <p><u>Arrear Municipal services in Ulundi</u></p> <p>Additional funding was received from Provincial Treasury in the adjusted budget estimates and payment of Municipal services was made on the 8th December 2010. It is anticipated that any further recovery of debt from Provincial Departments will be co-ordinated by Provincial Treasury</p>
Resolution 39/2009	2008/2009 Report of the Auditor-General: Basis for qualified opinion: Immoveable assets	A memo containing a detailed response to the report of the Auditor-General was forwarded to The Secretary: SCOPA KZN Legislature.
Resolution 60/2010	Transversal Resolution: Findings on non-compliance with laws & regulations in	<p>KwaZulu-Natal Land Administration Act:</p> <p>The project plan is in place to deal with matters</p>



SCOPA RESOLUTION	SUBJECT	PROGRESS
	Departments and Public Entities	recommended by the Auditor-General. The upgrades and additions model has been finalized and these are currently receiving attention. All Departments have been requested to submit relevant information.

3.2.16. Exemptions and deviations received from the National Treasury

No exemptions were granted from National Treasury

3.2.17. Approval

The annual Financial Statements as set out on the attached pages have been approved by the Accounting Officer.

Dr F B Madlopha

Head : Department of Public Works

28/07/2011



3.3 Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON VOTE NO. 14: KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the KwaZulu-Natal Department of Public Works, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 83 to 160.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of the financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DORA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the PFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the KwaZulu-Natal Department of Public Work's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KwaZulu-Natal Department of Public Work's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting



estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Immovable tangible capital assets

7. The sector specific guide on immovable assets requires the department to recognise all state owned properties including properties vested with the relevant provincial government. In this regard the following need to be noted:
 - a. In terms of item 28(1) of the Constitution of the Republic of South Africa, 1996, upon production of a certificate by a competent authority, that immovable property owned by the state is vested in a particular government in terms of section 239 of the previous Constitution.
 - b. Circular No. 6 of 2008 dated 16 October 2008 issued by the Chief Registrar of Deeds designated the Director-General of the Department of Land Affairs (now Rural Development and Land Reform) as the competent authority to sign item 28(1) certificates.
 - c. The South African Schools Act, 1996 (Act No 84 of 1996) reverted the ownership of immovable assets of state aided schools to the relevant provincial government.

In accordance with the Departmental Financial Reporting Framework Guide, a capital asset is recorded on receipt of the item at cost. The cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated. As stated in the accounting policy on immovable tangible capital assets to the financial statements, an immovable capital asset is recorded at fair value as determined by the relevant municipal valuation upon initial recognition including values of subsequent improvements.

Resulting from a breakdown of controls within the KwaZulu-Natal Department of Public Works, the value of the individual properties and their values of subsequent improvements included in the closing balance of R11,444 billion did not agree to the values as per municipality valuation rolls or to the department's records of subsequent improvements according to the accounting policy. Had these values been recognised correctly, the immovable tangible capital assets balance would have been increased by a possible amount of R2,273 billion.

In comparison with the records of the Department of Rural Development and Land Reform, the KwaZulu-Natal Department of Public Works did not recognize all properties for which signed item 28(1) certificates were issued.



The department could not provide me with sufficient appropriate audit evidence that all immovable assets of state aided schools in terms of the South African Schools Act, 1996 were included in the immovable asset disclosure note at 31 March 2011.

Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation of immovable assets totalling R11,444 billion (2010: R1,011 billion) at 31 March 2011, as stated in note 29 to the financial statements.

Opinion

8. In my opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the KwaZulu-Natal Department of Public Works as at 31 March 2011 and its financial performance and cash flows for the year then ended, in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the PFMA and DORA.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

10. As disclosed in note 17 to the financial statements, the KwaZulu-Natal Department of Public Works is the defendant in 22 lawsuits to the estimated value of R15,546 million. The ultimate outcome of the matters cannot presently be determined, and thus no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

11. As disclosed in notes 27, 28 and 29 to the financial statements, the closing balances in respect of movable, intangible and immovable assets have been adjusted by R5,851 million, R22 000 and R1,440 billion respectively for 31 March 2010 as a result of an error discovered during the year ended 31 March 2011 in the financial statements of the department at, and for the year ended, 31 March 2010.

Fruitless and wasteful expenditure

12. As disclosed in note 24 to the financial statements, the KwaZulu-Natal Department of Public Works incurred fruitless and wasteful expenditure of R10,419 million due to interest and penalties arising from late payment of property rates.

Material underspending of the budget

13. As disclosed in the appropriation statement, the KwaZulu-Natal Department of Public Works has materially underspent its budget by 16.4% or R219,374 million. This underspending relates mainly to transfer payments to municipalities.



Additional matters

14. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

15. The supplementary schedules set out on pages 161 to 171 do not form part of the financial statements and are presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Financial reporting framework

16. The financial reporting framework prescribed by the National Treasury and applied by the KwaZulu-Natal Department of Public Works is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the KwaZulu-Natal Department of Public Works.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 21 to 60 and material non-compliance with laws and regulations applicable to the KwaZulu-Natal Department of Public Works.

Predetermined objectives

18. There were no material findings on the annual performance report.

Compliance with laws and regulations

Annual financial statements

19. The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with the departmental financial reporting framework and supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA. Certain material misstatements identified with regards to immovable assets and irregular and fruitless and wasteful expenditure were subsequently corrected, however, the uncorrected material misstatements resulted in a qualified audit opinion on the financial statements.

Procurement and contract management

20. The department incurred irregular expenditure due to delays in undertaking a formal bidding process to renew a security services contract, as required by Treasury Regulation 16A6.

Asset management

21. The department did not update the consolidated asset register of all provincial state land with full details of any improvements to and structures on the land, as



delegated by the Premier of the Province, in terms of the requirements of the KwaZulu-Natal Land Administration Act, 2003 (Act No. 3 of 2003).

INTERNAL CONTROL

22. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with laws and regulations included in this report.

Leadership

23. The accounting officer did not exercise oversight responsibility with regards to laws and regulations relating to supply chain management and immovable assets.

Financial management

24. The financial statements were not adequately reviewed prior to submission for auditing.

OTHER REPORTS

Investigations

25. Twenty nine investigations are in progress regarding alleged fraudulent supply chain management practices in the department.

Performance audit

26. A performance audit is being conducted on the Readiness of Government to report on its performance. The focus of the audit is on how government institutions are guided and assisted to report on their performance, as well as the systems and processes that they have put in place. The findings will be reported on in a separate report.

Auditor-General

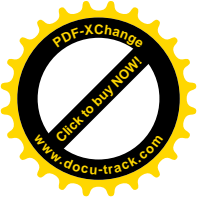
Pietermaritzburg

29 July 2011



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

3.4 Appropriation Statement

Appropriation per programme									
2010/11								2009/10	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION									
Current payment	197,944		1,333	199,277	199,353	(76)	100.0%	198,521	199,960
Transfers and subsidies	2,997		(104)	2,893	2,696	197	93.2%	2,349	3,722
Payment for capital assets	17,665		-	17,665	15,297	2,368	86.6%	8,919	5,535
Payment for financial assets	-		-	-	348	(348)	-	-	-
	218,606		1,229	219,835	217,694	2,141	99.2%	209,789	209,217
2. REAL ESTATE									
Current payment	31,385		1,594	32,979	30,769	2,210	93.3%	19,220	21,225
Transfers and subsidies	713,164		638	713,802	515,871	197,931	72.3%	245,397	242,067
Payment for capital assets	311		-	311	318	(7)	102.3%	463	242
Payment for financial assets	-		-	-	-	-	-	-	-
	744,860		2,232	747,092	546,958	200,134	73.2%	265,080	263,564
3. PROVISION OF BUILDINGS, STRUCTURES & EQUIPMENT									
Current payment	286,821		(3,574)	283,247	271,824	11,423	96.0%	249,364	247,941
Transfers and subsidies	1,523		113	1,636	2,190	(554)	133.9%	1,651	2,706
Payment for capital assets	81,773		-	81,773	66,618	15,155	81.5%	72,741	72,741
Payment for financial assets	-		-	-	8,325	(8,925)	-	-	-
	370,117		(3,461)	366,656	349,557	17,099	95.4%	323,756	323,388
Subtotal	1,333,583		-	1,333,583	1,114,209	219,374	83.6%	798,625	796,169
Statutory Appropriation									



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

Appropriation per programme									
2010/11								2009/10	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment				-					
Transfers and subsidies				-					
Payment for capital assets				-					
Payment for financial assets				-					
TOTAL	1,333,583		-	1,333,583	1,114,209	219,374	83.6%	798,625	796,169



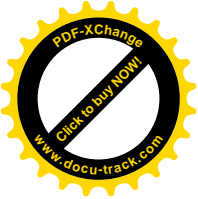
KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

	2010/11		2009/10	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	6,607		4,982	
Direct Exchequer receipts	-		-	
NRF receipt	-		-	
Aid assistance	-		-	
Actual amounts per statement of financial performance (total revenue)	1,340,190		803,607	
ADD				
Aid assistance		-		
Direct Exchequer payments				
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total expenditure)		1,114,209		796,169



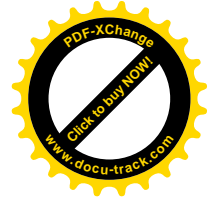
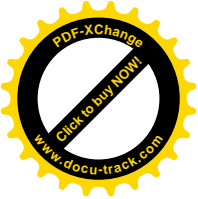
KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

Appropriation per economic classification									
2010/11								2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	380,277	-	(12,625)	367,652	361,319	6,333	98.3%	338,117	336,215
Goods and services	135,873	-	11,002	146,875	140,625	6,250	95.7%	128,988	128,708
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies									
Provinces and municipalities	713,046	-	648	713,694	515,348	198,346	72.2%	244,186	240,566
Departmental agencies and accounts	556	-	14	570	368	202	64.6%	528	306
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4,082	-	961	5,043	5,043	-	100.0%	4,683	7,623
Gifts and donations	-	-	-	-	-	-	-	-	-
Payments for capital assets									
Buildings and other fixed structures	80,335	-	-	80,335	65,916	14,419	82.1%	72,090	72,090
Machinery and equipment	19,336	-	-	19,336	16,239	3,097	84.0%	9,679	6,074
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

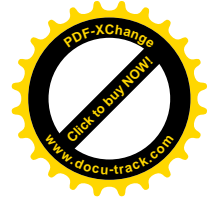
VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

Appropriation per economic classification									
2010/11								2009/10	
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	78	-	-	78	78	-	100.0%	354	354
Payments for financial assets	-	-	-	-	9,273	(9,273)		-	4,231
Total	1,333,583	-	-	1,333,583	1,114,209	219,374	83.6%	798,625	796,167

Statutory Appropriation									
2010/11								2009/10	
Direct changes against the National/Provincial Revenue Fund	Adjusted Appropriation	Shifting of Funds	of Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R,000	R'000	R'000	R'000	R'000	%	R'000	R'000
List all direct charges against the National/Provincial Revenue Fund				-	-	-			
President and Deputy President salaries				-	-	-			
Member of executive committee / parliamentary officers.				-	-	-			
Judges and magistrates salaries				-	-	-			
Sector education and training authorities (SETA)				-	-	-			
National Skills Fund				-	-	-			
Total	-	-	-	-	-	-			



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

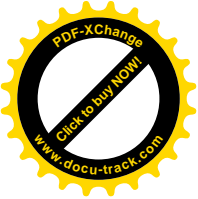
APPROPRIATION STATEMENT

for the year ended 31 March 2011

Detail per programme 1 – ADMINISTRATION

For the year ended 31 March 2011

2010/11								2009/10	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. MINISTER 'S SUPPORT									
Current payment	9,313		(1,793)	7,520	6,111	1,409	81.3%	6,793	6,284
Transfers and subsidies	-		-	-	-	-		-	-
Payment for capital assets	76		-	76	664	(588)	873.7%	900	1,059
Payment for financial assets	-		-	-	-	-		-	-
2. MANAGEMENT									
Current payment	188,631		3,126	191,757	193,242	(1,485)	100.8%	191,728	193,676
Transfers and subsidies	2,997		(104)	2,893	2,696	197	93.2%	2,349	3,722
Payment for capital assets	17,589		-	17,589	4,633	2,956	83.2%	8,019	4,476
Payment for financial assets			-	-	348	(348)			
Subtotal	218,606	-	1,229	219,835	217,694	2,141	99.0%	209,789	209,217



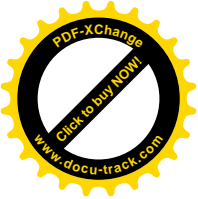
KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

Programme 1 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	144,524		(4,199)	140,325	140,325	-	100.0%	137,584	137,582
Goods and services	53,420		5,594	59,014	59,027	(13)	100.0%	60,937	59,634
Interest and rent on land	-		-	-	-	-		-	-
Transfers and subsidies									
Provinces and municipalities	-		-	-	-	-		-	-
Departmental agencies and accounts	244		(103)	141	-	141		134	-
Universities and technikons			-	-	-	-		-	-
Foreign governments and international organisations			-	-	-	-		-	-
Public corporations and private enterprises			-	-	-	-		-	-
Non-profit institutions			-	-	-	-		-	-
Households	2,753		(56)	2,697	2,697	-	100.0%	2,215	3,722
Gifts and donations			-	-	-	-		-	-
Payments for capital assets									



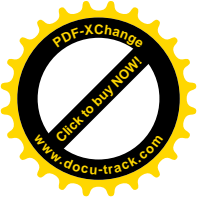
KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

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APPROPRIATION STATEMENT

for the year ended 31 March 2011

Programme 1 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Buildings and other fixed structures	-		-	-	-	-		-	-
Machinery and equipment	17,587		(7)	17,580	15,219	2,361	86.6%	8,565	5,181
Heritage assets			-	-	-	-		-	-
Specialised military assets			-	-	-	-		-	-
Biological assets			-	-	-	-		-	-
Land and subsoil assets			-	-	-	-		-	-
Software and other intangible assets	78			78	78	-	100.0%	354	354
Payments for financial assets				-	348	(348)			2,742
Total	218,606		1,229	219,835	217,694	2,141	99.0%	209,879	209,215



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

2010/11								2009/10	
Detail per sub-programme	Adjusted Appropriation	Shifting Funds	of Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 PERSONNEL & ADMIN. RELATED									
Current payment	28,577		1,304	29,881	27,705	2,176	92.7%	16,739	18,789
Transfers and subsidies	713,164		638	713,802	515,871	197,931	72.3%	245,397	242,067
Payment for capital assets	311		-	311	318	(7)	102.3%	463	242
Payment for financial assets	-		-	-	-	-		-	-
2.2 HIRING									
Current payment	2,635		290	2,925	2,925	-	100.0%	2,382	2,382
Transfers and subsidies	-	-	-	-	-	-		-	-
Payment for capital assets	-	-	-	-	-	-		-	-
Payment for financial assets	-	-	-	-	-	-		-	-
2.3 ACQUISITION OF LAND & DISPOSAL									
Current payment	173	-	-	173	139	34	80.3%	99	84
Transfers and subsidies	-	-	-	-	-	-		-	-
Payment for capital assets	-	-	-	-	-	-		-	-
Payment for financial assets	-	-	-	-	-	-		-	-
Total	744,860	-	2,232	747,092	546,958	200,134	73.2%	265,080	263,564



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

2010/11										2009/10		
Programme classification	2	Economic	Adjusted Appropriation	Shifting Funds	of	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
			R'000	R'000		R'000	R'000	R'000	R'000	%	R'000	
Current payments												
Compensation of employees			24,111	-		112	24,223	22,440	1,783	92.6%	13,626	13,626
Goods and services			7,274	-		1,054	8,328	8,328	-	100.0%	5,594	7,629
Interest and rent on land			-	-		-	-	-	-		-	
Transfers and subsidies to:												
Provinces and municipalities			713,046	-		648	713,694	515,348	198,346	72.2%	244,186	240,566
Departmental agencies and accounts			15	-		(10)	5	-	5		15	-
Universities and technikons			-	-		-	-	-	-		-	
Foreign governments and international organisations			-	-		-	-	-	-		-	
Public corporations and private enterprises			-	-		-	-	-	-		-	
Non-profit institutions			-	-		-	-	-	-		-	
Households			103	-		421	524	524	-	100.0%	1,196	1,501
Gifts and donations			-	-		-	-	-	-		-	
Payment for capital assets												
Buildings and other fixed structures			-	-		-	-	-	-		-	
Machinery and equipment			311	-		7	318	318	-	100.0%	463	242
Heritage assets			-	-		-	-	-	-		-	
Specialised military assets			-	-		-	-	-	-		-	



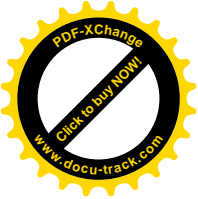
KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

2010/11										2009/10	
Programme classification	2	Economic	Adjusted Appropriation	Shifting Funds	of Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
			R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Biological assets			-	-	-	-	-	-		-	
Land and subsoil assets			-	-	-	-	-	-		-	
Software and other intangible assets			-	-	-	-	-	-		-	
Payments for financial assets											
Total			744,860	-	2,232	747,092	546,958	200,134	73.2%	265,080	263,564



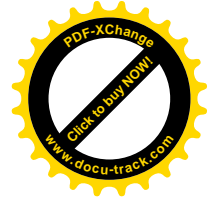
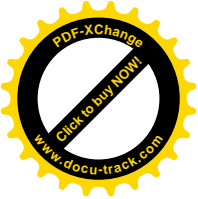
KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

2010/11								2009/10	
Detail per sub-programme	Adjusted Appropriation	Shifting Funds	of Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 PERSONNEL & ADMIN. RELATED									
Current payment	279,469	-	(3,412)	276,057	263,762	12,295	95.5%	240,759	239,336
Transfers and subsidies	1,523	-	113	1,636	2,190	(554)	133.9%	1,651	2,706
Payment for capital assets	1,213	-	-	1,213	702	511	57.9%	651	651
Payment for financial assets		-		-	8,925	(8,925)		-	-
3.2 HIRING									
Current payment	7,325	-	(162)	7,190	8,062	(872)	112.1%	8,605	8,605
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	80,560	-	-	80,560	65,916	14,644	81.8%	72,090	72,090
Payment for financial assets		-		-	-	-			
3.3 ACQUISITION OF LAND & DISPOSAL									
Current payment				-	-	-			
Transfers and subsidies				-	-	-			
Payment for capital assets				-	-	-			
Payment for financial assets				-	-	-			
Total	370,117	-	(3,461)	366,656	349,557	17,099	95.3%	323,756	323,388



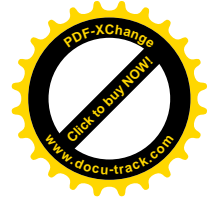
KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

APPROPRIATION STATEMENT

for the year ended 31 March 2011

2010/11										2009/10		
Programme classification	3	Economic	Adjusted Appropriation	Shifting Funds	of	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
			R'000	R'000		R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments												
Compensation of employees			211,642	-		(8,538)	203,104	198,554	4,550	97.8%	186,907	185,007
Goods and services			75,179	-		4,354	79,533	73,270	6,263	92.1%	62,457	61,445
Interest and rent on land				-		-	-	-	-		-	
Transfers and subsidies to:												
Provinces and municipalities			-	-		-	-	-	-		-	
Departmental agencies and accounts			297	-		127	424	368	56	86.8%	379	306
Universities and technikons			-	-		-	-	-	-		-	
Foreign governments and international organisations			-	-		-	-	-	-		-	
Public corporations and private enterprises			-	-		-	-	-	-		-	
Non-profit institutions			-	-		-	-	-	-		-	
Households			1,226	-		596	1,822	-	-	100.0%	1,272	2,400
Gifts and donations			-	-		-	-	-	-		-	
Payment for capital assets												
Buildings and other fixed structures			80,335	-		-	80,335	65,916	14,419	82.1%	72,090	72,090
Machinery and equipment			1,438	-		-	1,438	702	736	48.8%	651	651
Heritage assets			-	-		-	-	-	-		-	



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

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APPROPRIATION STATEMENT

for the year ended 31 March 2011

2010/11									2009/10		
Programme classification	3	Economic	Adjusted Appropriation	Shifting Funds	of Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
			R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Specialised military assets			-	-	-	-	-	-		-	
Biological assets			-	-	-	-	-	-		-	
Land and subsoil assets			-	-	-	-	-	-		-	
Software and other intangible assets			-	-	-	-	-	-		-	
Payments for financial assets						-	8,925	(8,925)		-	1,489
Total			370,117	-	(3,461)	366,656	349,557	17,099	95.3%	323,756	323,388



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2011

3.5 Notes to the Appropriation Statement

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) 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 payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

Table 4.1

Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	219,835	217,694	2,141	1.0%

Savings mainly due to Computer hardware & Systems. The savings were mainly due to cost cutting measures as well as the late delivery of equipment, an amount of R465 thousand has been requested to be rolled over to the 2011/12 financial year.

Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Real Estate	747,092	546,958	200,134	26.8%

Savings mainly due to the Devolution of Property Rate Funds for municipal property rates payments. Savings attributed to the late receipt of invoices from municipalities. R42,295 million has been requested to be rolled over to the 2011/12 financial year.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2011

Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Provision of building, structures and equipment	366,656	349,557	17,099	4.7%

Savings mainly due to: (a) Capital Infrastructure projects due to slow progress of various projects, an amount of R7,637 million has been requested to be rolled over to the 2011/12 financial year in respect of committed projects such as Ixopo District Office, Public Works 191 Head Office Phase II and the Public Works Southern Region Office, (b) the EPWP incentive grant, R393 thousand has been requested to be rolled over to the 2011/12 financial year. (C) R2,7 million has also been requested to be rolled over to the 2011/12 in respect of the Project Management Tool which was mainly delayed as a result of Procurement processes and (d) Compensation of employees mainly due to the non- filling of professional posts as originally anticipated.

Table 4.2

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Current expenditure				
Compensation of employees	367,652	316,319	6,333	1.7%
Goods and services	146,875	140,625	6,250	4.3%
Interest and rent on land	-	-	-	-
Unauthorised expenditure approved	-	-	-	-
Transfers and subsidies				
Provinces and municipalities	713,694	515,348	198,346	27.8%
Departmental agencies and accounts	570	368	202	35.4%
Universities and technikons	-	-	-	-
Public corporations and private enterprises	-	-	-	-



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2011

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	-
Households	5,043	5,043	-	0.0%
Payments for capital assets				
Buildings and other fixed structures	80,335	65,916	14,419	17.9%
Machinery and equipment	19,336	16,239	3,097	16.0%
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Software and other intangible assets	78	78	-	0.0%
Payments for financial assets	-	9,273	(9,273)	0.0%

Savings on *Compensation of Employees* due to service terminations, delays in filling of vacant posts. Savings under *Goods and Services* mainly due to cost cutting and procurement delays for the Project Management Tool as well as the EPWP incentive grant roll-over of R2.7 million for the project management tool and R393 thousand for the EPWP Incentive Grant have been requested. Savings under *Provinces and Municipalities* are due to the Devolution of Property Rate Fund due to delay with the receipt of invoice from Municipalities, roll-over of R42, 295 million has been requested. Savings under *Buildings & Other Fixed Structures* due to delays in capital infrastructure projects roll-over of R7, 637 was requested. Savings under *Machinery & Equipment* mainly due to Computer Hardware and Systems and official vehicles, R465 thousand requested to be rolled-over to the 2011/2012 financial year for the security system. The department wrote-off debts to the amount of R9,273 million as reflected under *Payment for Financial Asset*.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2011

3.6 Statement of Financial Performance

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
REVENUE			
Annual appropriation	1	1,333,583	798,625
Statutory appropriation		-	-
Departmental revenue	2	6,607	4,982
Direct Exchequer Receipts		-	-
NRF Receipts		-	-
Aid assistance		-	-
TOTAL REVENUE		1,340,190	803,607
EXPENDITURE			
Current expenditure			
Compensation of employees	3	361,319	336,217
Goods and services	4	140,625	128,708
Interest and rent on land		-	-
Aid assistance		-	-
Unauthorised expenditure approved without funding	8	-	-
Total current expenditure		501,944	464,925
Transfers and subsidies			
Transfers and subsidies	6	520,759	248,495
Aid assistance		-	-
Unauthorised expenditure approved without funding		-	-
Total transfers and subsidies		520,759	248,495
Expenditure for capital assets			
Tangible capital assets	7	82,155	78,164
Software and other intangible assets	7	78	345
Unauthorised expenditure approved without funding	8	-	-
Total expenditure for capital assets		82,233	78,518
Payments for financial assets		9,273	4,231
Direct Exchequer Payments	5	-	-



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2011

TOTAL EXPENDITURE	<u>1,114,209</u>	<u>796,169</u>
SURPLUS/(DEFICIT) FOR THE YEAR	<u>225,981</u>	<u>7,438</u>

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		219,374	2,456
Annual appropriation		15,695	1,999
Conditional grants		203,679	457
Unconditional grants			
Departmental revenue and NRF Receipts	22	6,607	4,982
1982Direct Exchequer receipts/payments	23	-	-
Aid assistance	6	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		<u>225,981</u>	<u>7,438</u>



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

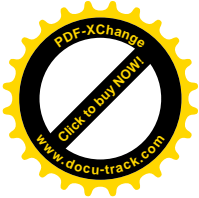
VOTE 14

STATEMENT OF FINANCIAL POSITION

as at 31 March 2011

3.7 Statement of Financial Position

	Note	2010/11	2009/10
		R'000	R'000
ASSETS			
Current assets		170,936	383,294
Unauthorised expenditure	8	-	4,498
Fruitless and wasteful expenditure	24	-	-
Cash and cash equivalents	9	41,763	36
Other financial assets		-	-
Prepayments and advances		-	-
Receivables	0	129,173	378,760
Loans		-	-
Aid assistance prepayments		-	-
Aid assistance receivable		-	-
Non-current assets		-	-
Investments		-	-
Loans		-	-
Other financial assets		-	-
TOTAL ASSETS		<u>170,936</u>	<u>383,294</u>
LIABILITIES			
Current liabilities		170,242	382,295
Voted funds to be surrendered to the Revenue Fund	11	166,577	2,456
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	1,439	841
Direct Exchequer Receipts to be surrendered to the Revenue Fund		-	-
Bank overdraft	13	-	375,528
Payables	14	2,226	3,470
Aid assistance repayable		-	-
Aid assistance unutilised		-	-
Non-current liabilities			
Payables		-	-
TOTAL LIABILITIES		<u>170,242</u>	<u>382,295</u>



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF FINANCIAL POSITION

as at 31 March 2011

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
NET ASSETS		<u>694</u>	<u>999</u>

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		694	999
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		<u>694</u>	<u>999</u>



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2011

3.8 Statement of changes in Net Assets

	Note	2010/11	2009/10
		R'000	R'000
Capitalisation Reserves			
Opening balance		-	-
Transfers:			
Movement in Equity			-
Movement in Operational Funds			-
Other movements			-
Closing balance		-	-
Recoverable revenue			
Opening balance		999	1,238
Transfers:		(305)	(239)
Irrecoverable amounts written off		(157)	(90)
Debts revised		(135)	(106)
Debts recovered (included in departmental receipts)		(792)	(457)
Debts raised		779	414
Closing balance		694	999
Retained funds			
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)			-
Utilised during the year			-
Other			-
Closing balance		-	-
Revaluation Reserve			
Opening balance		-	-
Revaluation adjustment (Housing departments)			-
Transfers			-
Other			-
Closing balance		-	-
TOTAL		694	999



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

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CASH FLOW STATEMENT

for the year ended 31 March 2011

3.9 Cash Flow Statement

	2010/11	2009/10
	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	1,287,394	803,601
Annual appropriated funds received	1,280,787	798,625
Statutory appropriated funds received	-	-
Departmental revenue received	6,607	4,976
Direct Exchequer Receipts	-	-
NRF Receipts	-	-
Aid assistance received	-	-
Net (increase)/decrease in working capital	252,841	(31,510)
Surrendered to Revenue Fund	(8,466)	(10,925)
Surrendered to RDP Fund/Donor	-	-
Current payments	(501,944)	(464,925)
Payments for financial assets	(9,273)	(4,231)
Transfers and subsidies paid	(520,759)	(248,495)
Net cash flow available from operating activities	499,793	43,515
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	(82,233)	(78,518)
Proceeds from sale of capital assets	-	6
(Increase)/decrease in loans	-	-
(Increase)/decrease in investments	-	-
(Increase)/decrease in other financial assets	-	-
Net cash flows from investing activities	(82,233)	(78,512)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution/dividend received	-	-
Increase/(decrease) in net assets	(305)	(239)
Increase/(decrease) in non-current payables	-	-
Net cash flows from financing activities	(305)	(239)
Net increase/(decrease) in cash and cash equivalents	417,255	(35,236)
Cash and cash equivalents at beginning of period	(375,492)	(340,256)
Cash and cash equivalents at end of period	41,763	(375,492)



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

3.10 Statement of Accounting Policies and Related Matters

The 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 Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, (Act No. 1 of 1999) as amended and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The 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.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

The total appropriated funds received during the year are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Direct Exchequer receipts / payments

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and subsequently paid into the Provincial Revenue Fund, unless otherwise stated.

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

Any amount owing to the Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

The cost of short-term employee benefits are expensed in the statement of financial performance when financial authorisation for payment is effected on the system (by no later than 31 March each year)

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts must not be recognised in the statement of financial performance or position.

Employee cost are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social Contribution

Employer contribution (i.e. social contributions) are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Funds and not in the financial statements of the employer department.

Social contribution (such as medical benefits) made by the department for certain of its ex-employees are classified as transfers to households in the statement of financial performance.

3.2 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 (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payment for Financial Assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and where the goods and services have not been received by year end.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

An immovable capital asset is recorded as fair value as determined by the relevant municipal valuation.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the provincial department of public works.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

5.8 Impairment and other provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2011

10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

3.11 Notes to the Annual Financial Statements

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Programmes	2010/11			2009/10
	Final Appropriation	Actual Received	Funds requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	219,835	219,323	512	209,789
Real Estate	747,092	746,915	177	265,080
Provision of buildings structure & Equipment	366,656	314,549	52,107	323,756
Total	1,333,583	1,280,787	52,796	798,625

Provincial Treasury transferred less budget allocated as a result of anticipated underspending.

1.2 Conditional grants

	Note	2010/11 R'000	2009/10 R'000
Total grants received	45	711,235	237,662
Provincial grants included in Total Grants received		-	-



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

2. Departmental revenue

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	3,432	3,032
Interest, dividends and rent on land	2.2	421	310
Sales of capital assets	2.3	-	6
Transactions in financial assets and liabilities	2.4	2,754	1,634
Total revenue collected		6,607	4,982
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		6,607	4,982

2.1 Sales of goods and services other than capital assets

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Sales of goods and services produced by the department	2	3,428	3,030
Sales by market establishment		3,012	2,628
Administrative fees		-	-
Other sales		416	402
Sales of scrap, waste and other used current goods		4	2
Total		3,432	3,032



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

2.2 Interest, dividends and rent on land

	<i>Note</i> 2	2010/11 R'000	2009/10 R'000
Interest		252	222
Dividends		-	-
Rent on land		169	88
Total		421	310

2.3 Sale of capital assets

	<i>Note</i> 2	2010/11 R'000	2009/10 R'000
Tangible assets		-	6
Buildings and other fixed structures 29		-	-
Machinery and equipment 27		-	-
Specialised military assets 27		-	-
Land and subsoil assets 29		-	6
Investment property 29		-	-
Biological assets 27		-	-



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

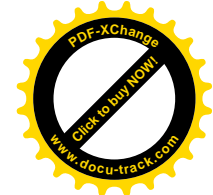
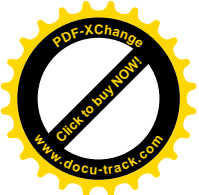
for the year ended 31 March 2011

Software and other intangible assets

Capitalised development costs	28		-
Computer software	28		-
Mastheads and publishing titles	28		-
Patents, licences, copyright, brand names, trademarks	28		-
Recipes, formulae, prototypes, designs, models	28		-
Services and operating rights	28		-
Other intangibles	28		-
Total		-	6

2.4 Transactions in financial assets and liabilities

	<i>Note</i> 2	2010/11 R'000	2009/10 R'000
Loans and advances		-	-
Repayment of Public Contributions		-	-
Receivables		925	502
Proceeds from investment		-	-
Forex gain		-	-
Stale cheques written back		182	2
Other Receipts including Recoverable Revenue		1,647	1,130
Total		2,754	1,634



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

3. Compensation of employees

3.1 Salaries and Wages

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Basic salary		248,984	232,125
Performance award		1,990	6,424
Service Based		1,085	980
Compensative/circumstantial		2,386	2,453
Periodic payments		145	88
Other non-pensionable allowances		50,295	41,878
Total		304,885	283,948

3.2 Social contributions

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Employer contributions			
Pension		31,238	30,524
Medical		25,083	21,679
UIF		-	-
Bargaining council		113	66
Official unions and associations		-	-
Insurance		-	-
Total		56,434	52,269
Total compensation of employees		361,319	336,217
Average number of employees		2,096	2,215

4. Goods and services



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

	<i>Note</i>	2010/11		2009/10
		R'000		R'000
Administrative fees		-		9
Advertising		3,768		5,269
Assets less than R5,000	4.1	697		484
Bursaries (employees)		291		304
Catering		368		1,544
Communication		8,656		10,775
Computer services	4.2	14,601		10,982
Consultants, contractors and agency/outourced services	4.3	23,351		24,540
Entertainment		202		181
Audit cost – external	4.4	4,504		4,597
Fleet services		6,827		7,073
Inventory	4.5	6,137		5,921
Operating leases		8,445		7,294
Owned and leasehold property expenditure	4.6	46,549		33,533
Transport provided as part of the departmental activities		33		47
Travel and subsistence	4.7	12,309		12,452
Venues and facilities		441		1,202
Training and staff development		2,068		1,547
Other operating expenditure	4.8	1,378		954
Total		140,625		128,708

4.1 Assets less than R5,000



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

VOTE 14

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

	Note 4	2010/11 R'000	2009/10 R'000
Tangible assets		697	484
Buildings and other fixed structures		-	-
Biological assets		-	-
Machinery and equipment		697	484
Specialised military assets		-	-
Intangible assets		-	-
Total		<u>697</u>	<u>484</u>

4.2 Computer services

	Note 4	2010/11 R'000	2009/10 R'000
SITA computer services		10,478	7,706
External computer service providers		4,123	3,276
Total		<u>14,601</u>	<u>10,982</u>

4.3 Consultants, contractors and agency/outsourced services

	Note 4	2010/11 R'000	2009/10 R'000
Business and advisory services		185	121
Infrastructure and planning		116	1,129
Laboratory services		-	-
Legal costs		1,144	261
Contractors		418	967
Agency and support/outsourced services		21,488	22,062
Total		<u>23,351</u>	<u>24,540</u>

4.4 Audit cost – External

	Note 4	2010/11 R'000	2009/10 R'000
Regularity audits		4,504	4,597
Performance audits		-	-
Investigations		-	-
Environmental audits		-	-
Other audits		-	-
Total		<u>4,504</u>	<u>4,597</u>

4.5 Inventory

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

	<i>Note</i> 4	2010/11 R'000	2009/10 R'000
Learning and teaching support material		20	105
Fuel, oil and gas		36	50
Other consumable materials		1,940	1,845
Maintenance material		252	219
Stationery and printing		3,882	3,698
Medical supplies		7	4
Total		6,137	5,921

4.6 Property payments

	<i>Note</i> 4	2010/11 R'000	2009/10 R'000
Municipal services		17,364	7,823
Property maintenance and repairs		8,334	7,426
Other		20,851	18,284
Total		46,549	33,533

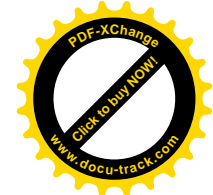
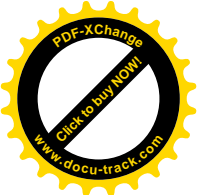
4.7 Travel and subsistence

	<i>Note</i> 4	2010/11 R'000	2009/10 R'000
Local		12,304	12,433
Foreign		5	19
Total		12,309	12,452

4.8 Other operating expenditure

	<i>Note</i> 4	2010/11 R'000	2009/10 R'000
Professional bodies, membership and subscription fees		19	3
Resettlement costs		892	810
Other		467	141
Total		1,378	954

5. Payments for financial assets



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	<i>Note</i>	2010/11 R'000	2009/10 R'000
Debts written off	5.1	9,273	4,231
Total		9,273	4,231

5.1 Debts written off

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Nature of debts written off	5		
Debts written off due to prescription		1,042	2,740
Interdepartmental claims		2,568	1,498
Claims from institutions – prescribed		-	2
Irrecoverable Damages and losses		5,663	-
Total		9,273	4,231

5.2 Recoverable revenue written off

	2010/11 R'000	2009/10 R'000
Nature of losses		
Debts written off due to prescription	157	90
Total	157	90

6. Transfers and subsidies



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for the year ended 31 March 2011

		2010/11 R'000	2009/10 R'000
Provinces and municipalities	<i>Note</i>	515,348	240,566
Departmental agencies and accounts	<i>Annex 1B</i>	368	306
Households	<i>Annex 1C</i>	5,043	7,623
Total		520,759	248,495

7. Expenditure for capital assets

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Tangible assets		82,155	78,164
Buildings and other fixed structures	29	65,916	72,090
Heritage assets	27,29	-	-
Machinery and equipment	27	16,239	6,074
Specialised military assets	27	-	-
Land and subsoil assets	29	-	-
Investment property	29	-	-
Biological assets	27	-	-
Software and other intangible assets		78	354
Capitalised development costs	28	-	-
Computer software	28	78	354
Mastheads and publishing titles	28	-	-
Patents, licences, copyright, brand names, trademarks	28	-	-
Recipes, formulae, prototypes, designs, models	28	-	-
Services and operating rights	28	-	-
Other intangibles	28	-	-
Total		82,233	78,518

7.1 Analysis of funds utilised to acquire capital assets – 2010/11



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for the year ended 31 March 2011

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	82,155	-	82,155
Buildings and other fixed structures	65,916		65,916
Heritage assets			-
Machinery and equipment	16,239		16,239
Specialised military assets			-
Land and subsoil assets			-
Investment property			-
Biological assets			-
Software and other intangible assets	78	-	78
Capitalised development costs			-
Computer software	78		78
Mastheads and publishing titles			-
Patents, licences, copyright, brand names, trademarks			-
Recipes, formulae, prototypes, designs, models			-
Services and operating rights			-
Other intangibles			-
Total	82,233	-	82,233

7.2 Analysis of funds utilised to acquire capital assets – 2009/10

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	78,164	-	78,164
Buildings and other fixed structures	72,090	-	72,090
Heritage assets		-	-
Machinery and equipment	6,074	-	6,074
Specialised military assets		-	-
Land and subsoil assets	-	-	-
Investment property	-	-	-
Biological assets	-	-	-



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Software and other intangible assets	354	-	354
Capitalised development costs	-	-	-
Computer software	354	-	354
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
Other intangibles	-	-	-
Total	78,518	-	78,518

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Opening balance		4,498	4,498
Unauthorised expenditure – discovered in current year			
Less: Amounts approved by Parliament/Legislature with funding		(4,498)	-
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance		-	-
Capital			-
Current			-
Transfers and subsidies			-
Less: Amounts transferred to receivables for recovery			-
Unauthorised expenditure awaiting authorisation / written off		-	4,498



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

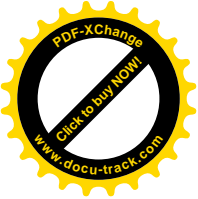
	2010/11 R'000	2009/10 R'000
Capital		4,498
Current		-
Transfers and subsidies		-
Total	-	4,498

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2010/11 R'000	2009/10 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		4,498
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		-
Total	-	4,498

9. Cash and cash equivalents

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account		41,722	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		41	36
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
Total		41,763	36



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

10. Receivables

2010/11

		R'000	R'000	R'000	R'000	
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	Note 10.1 Annex 3	74,359	29,287	7,561	111,207	359,044
Staff debt	10.2	596	625	337	1,558	2,376
Other debtors	10.3	4,320	5	12,083	6,408	17,340
Total		79,275	29,917	19,981	129,173	378,760



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for the year ended 31 March 2011

10.1 Claims recoverable

	<i>Note</i>	2010/11	2009/10
	<i>10</i>	R'000	R'000
National departments		116	215
Provincial departments		104,277	353,457
Foreign governments			-
Public entities		6,552	5,182
Private enterprises		262	190
Universities and technikons			-
Households and non-profit institutions			-
Local governments			-
Total		111,207	359,044



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

10.2 Staff debt

	<i>Note</i> 10	2010/11 R'000	2009/10 R'000
Breach of Contract		193	259
Employee		266	569
Ex-employee		834	1220
Other		265	328
Total		1,558	2,376

10.3 Other debtors

	<i>Note</i> 18	2010/11 R'000	2009/10 R'000
Dissallowance Payments Fraud Cheque:CA		11,620	11,620
Dissallowance Damages and Losses Control Acc		-	5,662
Sal: Income Tax: CL		471	-
Sal: Insurance DeductionL CL		-	8
Sal: Medical Aid: CL		1	2
Dissall Dishonoured Cheque		-	11
Sal: Reversal Account		-	37
Sal: Pension Fund: CL		1	-
Dissallowance Miscellaneos: CA		4,315	-
Total		16,408	17,340

11. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Opening balance		2,456	6,326
Transfer from statement of financial performance		219,374	2,456
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received	1.1	(52,796)	-
Paid during the year		(2,457)	(6,326)
Closing balance		166,577	2,456



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for the year ended 31 March 2011

12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Opening balance		841	458
Transfer from Statement of Financial Performance		6,607	4,982
Own revenue included in appropriation		-	-
Paid during the year		(6,009)	(4,599)
Closing balance		1,439	841

13. Bank Overdraft

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account			375,528
Fund requisition account			-
Overdraft with commercial banks (Local)			-
Overdraft with commercial banks (Foreign)			-
Total		-	375,528

14. Payables – current

	<i>Note</i>	2010/11 Total	2009/10 Total
Amounts owing to other entities	<i>Annex 4</i>	-	-
Clearing accounts	14.1	438	2,463
Other payables	14.2.	1,788	1,007
Total		2,226	3,470



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for the year ended 31 March 2011

14.1 Clearing accounts

	<i>Note</i> 14	2010/11 R'000	2009/10 R'000
Salary ACB Recalls			
Pension Recoverable		299	1,097
Sal: Pension Fund: CL		14	37
Sal: Reversal Account: CA		-	114
Disallowance Miscellaneous		1	-
Sal: Income Tax		9	254
Sal: Tax Debt		115	958
Sal: Persal Interface		-	1
		-	2
Total		438	2,463

14.2 Other payables

<i>Description</i>	<i>Note</i> 14	2010/11 R'000	2009/10 R'000
Tender Deposits		1,787	987
Sal: Garnishee Order: CL		1	20
Total		1,788	1,007



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for the year ended 31 March 2011

15. Net cash flow available from operating activities

	Note	2010/11 R'000	2009/10 R'000
Net surplus/(deficit) as per Statement of Financial Performance		225,981	7,438
Add back non cash/cash movements not deemed operating activities		273,812	36,077
(Increase)/decrease in receivables – current		249,587	(32,318)
(Increase)/decrease in prepayments and advances		-	83
(Increase)/decrease in other current assets		4,498	-
Increase/(decrease) in payables – current		(1,244)	725
Proceeds from sale of capital assets			(6)
Proceeds from sale of investments			-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		82,233	78,518
Surrenders to Revenue Fund		(8,466)	(10,925)
Surrenders to RDP Fund/Donor			
Voted funds not requested/not received		(52,796)	-
Own revenue included in appropriation			-
Other non-cash items			-
Net cash flow generated by operating activities		499,793	43,515



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

16. Reconciliation of cash and cash equivalents for cash flow purposes

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General account		41,722	(375,528)
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		41	36
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
Total		41,763	(375,492)



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DISCLOSURE NOTE TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

3.12 Disclosure notes to the Annual Financial Statements

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Liable to Nature			
Housing loan guarantees	<i>Annex 2A</i>	516	581
Employees			
Claims against the department	<i>Annex 2B</i>	15,546	22,077
Other departments	<i>Annex 4</i>	1,773	3,928
(interdepartmental unconfirmed balances)			
Total		17,835	26,586

17.2 Contingent assets

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Nature of contingent asset			
Claims for damages on Vehicle		564	138
Breach of Contract		-	3,034
Rentals Claims		-	72
Arbitration Costs		-	250
Fire Damages to buildings		14	-
Loss Cell phone		3	-
Loss Laptop		11	-
Total		592	3,494



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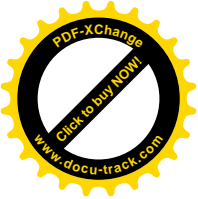
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DISCLOSURE NOTE TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

18. Commitments

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Current expenditure			
Approved and contracted		5,697	8,350
Approved but not yet contracted		222	-
		5,919	8,350
Capital expenditure			
Approved and contracted		45,855	79,521
Approved but not yet contracted		29,978	13,179
		75,833	92,700
Total Commitments		81,752	101,050



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19. Accruals

			2010/11 R'000	2009/10 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	3,265	2,024	5,289	4,913
Interest and rent on land			-	-
Transfers and subsidies	13,312	6,142	19,454	84,439
Capital assets	256	90	346	1,682
Other	47	30	77	-
Total	16,880	8,286	25,166	91,034
Listed by programme level				
Administration			3,641	5,583
Real estate			19,668	84,831
Provision of Buildings, Structures & Equipment			1,857	620
Total			25,166	91,034
Confirmed balances with other departments and government entities				
		<i>Not e</i>	2010/11 R'000	2009/10 R'000
Confirmed balances with other departments		<i>Ann ex 4</i>	298	410
Confirmed balances with other government entities		<i>Ann ex 4</i>	-	12
Total			298	422



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20. Employee benefits

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Leave entitlement		21,259	16,882
Service bonus (Thirteenth cheque)		10,242	9,703
Performance awards		3,764	-
Capped leave commitments		57,593	56,668
Other		5,677	1,863
Total		98,535	85,116



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21. Lease commitments

21.1 Operating leases expenditure

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year			1,731	1,838	3,569
Later than 1 year and not later than 5 years			6,497	1,279	7,776
Later than five years					
Total lease commitments	-	-	8,228	3,117	11,345
2009/10	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year		-	791	1,186	1,977
Later than 1 year and not later than 5 years		-	15	1,016	1,031
Later than five years		-	-	-	-
Total lease commitments	-	-	806	2,202	3,008

Provide a general discussion on any assets that are sub-leased (if any), indicating the nature of the asset and the lessee (occupant/user of the asset).

	Note	2010/11 R'000	2009/10 R'000
Rental earned on lease sub-leased assets	3		
Total		-	-



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for the year ended 31 March 2011

21.2 Finance leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
Not later than 1 year				2,168	2,168
Later than 1 year and not later than 5 years				870	870
Later than five years					
Total lease commitments	-	-	-	3,038	3,038
LESS: finance costs					
Total present value of lease liabilities	-	-	-	3,038	3,038
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2009/10					
Not later than 1 year		-	-	2,030	2,030
Later than 1 year and not later than 5 years		-	-	1,829	1,829
Later than five years		-	-	-	-
Total lease commitments	-	-	-	3,859	3,859
LESS: finance costs		-	-	-	-
Total present value of lease liabilities	-	-	-	3,859	2,859



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22. Receivables for departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets		52	-
Transactions in financial assets and liabilities		1	-
Total		53	-

22.1 Analysis of receivables for departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Opening balance		-	-
Less: amounts received		-	-
Add: amounts recognised		-	-
Less: amounts written- off/reversed as irrecoverable		-	-
Closing balance		-	-

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	Note	2010/11 R'000	2009/10 R'000
Opening balance		85,435	159
Add: Irregular expenditure – relating to prior year			-
Add: Irregular expenditure – relating to current year		3,577	85,276
Less: Amounts condoned		(85,276)	-
Less: Amounts recoverable (not condoned)			-
Less: Amounts not recoverable (not condoned)			-
Irregular expenditure awaiting condonation		3,736	85,435

Analysis of awaiting
condonation per age
classification

Current year	3,577	85,276
Prior years	159	159
Total	3,736	85,435



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23.2 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2010/11 R'000
Expenditure on rates over property payment delegation	Accounting officer Approved	85,276
Total		85,276

23.3 Details of irregular expenditures under investigation

Incident	2010/11 R'000
Security Contract not timeously renewed	3,577
Total	3,577



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24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Opening balance		-	-
Fruitless and wasteful expenditure – relating to prior year			-
Fruitless and wasteful expenditure – relating to current year		10,419	-
Less: Amounts condoned		(10,419)	-
Less: Amounts transferred to receivables for recovery			-
Fruitless and wasteful expenditure awaiting condonement		<hr/>	<hr/>

24.2 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
Payments of interest and penalties on municipal rates.	Disciplinary steps underway. Accounting officer approved condonation	10,419
Total		<hr/> 10,419 <hr/>



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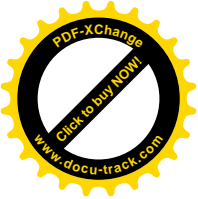
for the year ended 31 March 2011

25. Key management personnel

	No. of Individuals	2010/11 R'000	2009/10 R'000
Political office bearers (provide detail below)	1	1,558	1,471
Officials:			-
Level 15 to 16	3	2,918	1,979
Level 14 (incl. CFO if at a lower level)	3	1,735	2,283
Family members of key management personnel			-
Total		6,211	5,733

26. Impairment and other provisions

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Impairment			-
Investments			-
Loans		6,791	5,124
Debtors		11,620	17,283
Other			
Total		18,411	22,407



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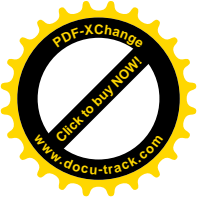
DISCLOSURE NOTE TO ANNUAL FINANCIAL STATEMENTS

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27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	64,777	(5,851)	16,635	382	75,179
Transport assets	24,660	(1,645)	6,295	-	29,310
Computer equipment	34,708	(3,894)	7,886	382	38,318
Furniture and office equipment	4,252	465	1,306	-	6,023
Other machinery and equipment	1,157	(777)	1,148	-	1,528
SPECIALISED MILITARY ASSETS	-	-	-	-	-
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS	-	-	-	-	-
Biological assets	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	64,777	(5,851)	16,635	382	75,179



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for the year ended 31 March 2011

27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-cash	(Capital Progress and payments)	Work current finance lease	in Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000		R'000	R'000	R'000
					0	
HERITAGE ASSETS	-	-		-	-	-
Heritage assets						-
MACHINERY AND EQUIPMENT	16,239	-		-	396	16,635
Transport assets	6,295					6,295
Computer equipment	7,736				150	7,886
Furniture and office equipment	1,306					1,306
Other machinery and equipment	902				246	1,148
SPECIALISED MILITARY ASSETS	-	-		-	-	-
Specialised military assets						-
BIOLOGICAL ASSETS	-	-		-	-	-
Biological assets						-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	16,239	-		-	396	16,635



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27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets			-	
MACHINERY AND EQUIPMENT	-	382	382	-
Transport assets			-	
Computer equipment		382	382	
Furniture and office equipment			-	
Other machinery and equipment			-	
SPECIALISED MILITARY ASSETS	-	-	-	-
Specialised military assets			-	
BIOLOGICAL ASSETS	-	-	-	-
Biological assets			-	
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	382	382	-



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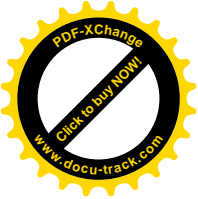
DISCLOSURE NOTE TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

27.3 Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	57,976	6,074	(727)	64,777
Transport assets	23,270	1,154	(236)	24,660
Computer equipment	30,097	4,131	(480)	34,708
Furniture and office equipment	3,452	789	(11)	4,252
Other machinery and equipment	1,157	-	-	1,152
SPECIALISED MILITARY ASSETS	-	-	-	-
Specialised military assets	-	-	-	-
BIOLOGICAL ASSETS	-	-	-	-
Biological assets	-	-	-	-
TOTAL MOVABLE TANGIBLE ASSETS	57,976	6,074	(727)	64,777



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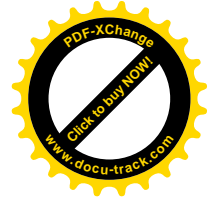
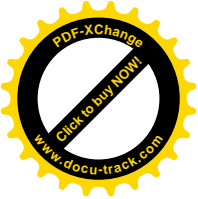
for the year ended 31 March 2011

27.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2011

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets					
Opening Balance	-	-	439	-	439
Curr Yr Adjustments to prior yr Balances			6,038		6,038
Additions					
Disposal			687		687
					-
TOTAL	-	-	7,164	-	7,164

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets				18,328		18,328
Number of minor assets at cost				4,664		4,664
TOTAL NUMBER OF MINOR ASSETS	-	-	-	22,992	-	22,992



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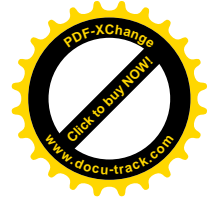
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for the year ended 31 March 2011

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000	
Minor assets			-	-	439	-	439
TOTAL	-	-	-	439	-	439	

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets				18,328		18,328
Number of minor assets at cost				4,141		4,141
TOTAL NUMBER OF MINOR ASSETS	-	-	-	22,469	-	22,469



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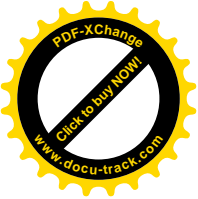
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28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Opening balance	Current Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-	-
COMPUTER SOFTWARE	1,413	(22)	78	-	1,469
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	28		-	-	28
	-		-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS					
SERVICES AND OPERATING RIGHTS	-		-	-	-
OTHER INTANGIBLES	-		-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	1,441	(22)	78	-	1,497



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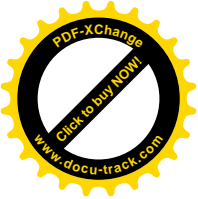
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for the year ended 31 March 2011

28.1 Additions

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2011**

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS					-
COMPUTER SOFTWARE	78				78
MASTHEADS AND PUBLISHING TITLES					
					-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS					
					-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS					
					-
SERVICES AND OPERATING RIGHTS					
OTHER INTANGIBLES					-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	78	-	-	-	78



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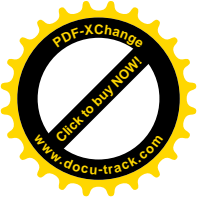
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28.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS			-	
COMPUTER SOFTWARE			-	
MASTHEADS AND PUBLISHING TITLES			-	
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS			-	
			-	
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS				
SERVICES AND OPERATING RIGHTS			-	
OTHER INTANGIBLES			-	
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	-	-	-



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28.3 Movement for 2009/10

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-
COMPUTER SOFTWARE	1,059	354	-	1,413
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	28	-	-	28
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
OTHER INTANGIBLES	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	1,087	354	-	1,441



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29. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	961,055	1,372,585	8,650,922	-	10,984,562
Dwellings	11,932	9,984	91,500	-	113,416
Non-residential buildings	949,123	1,362,601	8,559,422	-	10,871,146
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	49,960	67,794	342,273	-	460,027
Land	49,960	67,794	342,273	-	460,027
Mineral and similar non-regenerative resources	-	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-	-
Investment property	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1,011,015	1,440,379	8,993,195	-	11,444,589



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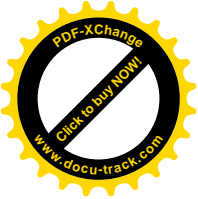
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29.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	759,620	7,891,302	-	-	8,650,922
Dwellings	4,066	87,434	-	-	91,500
Non-residential buildings	755,554	7,803,868	-	-	8,559,422
Other fixed structures			-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets					-
LAND AND SUBSOIL ASSETS	920	341,353	-	-	342,273
Land	920	341,353			342,273
Mineral and similar non-regenerative resources					-
INVESTMENT PROPERTY	-	-	-	-	-
Investment property					
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	760,540	8,232,655	-	-	8,993,195



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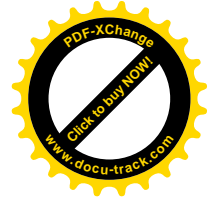
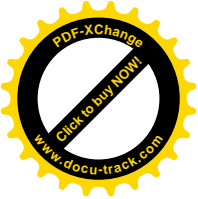
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29.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals		Cash Received Actual
	R'000	R'000	R'000		R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-		-
Dwellings			-		
Non-residential buildings			-		
Other fixed structures			-		
	-	-			-
HERITAGE ASSETS			-		
Heritage assets			-		
	-	-			-
LAND AND SUBSOIL ASSETS			-		
Land			-		
Mineral and similar non-regenerative resources			-		
INVESTMENT PROPERTY	-	-	-		-
Investment property			-		
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-		-



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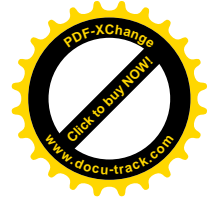
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DISCLOSURE NOTE TO ANNUAL FINANCIAL STATEMENTS

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29.3 Movement for 2009/10

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	953,023	8,023	-	961,055
Dwellings	11,932	-	-	11,932
Non-residential buildings	941,091	8,032	-	949,123
Other fixed structures	-	-	-	-
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS	49,893	67	-	49,960
Land	49,893	67	-	49,960
Mineral and similar non-regenerative resources	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-
Investment property	-	-	-	-
TOTAL IMMOVABLE TANGIBLE ASSETS	1,002,916	8,099	-	1,011,015



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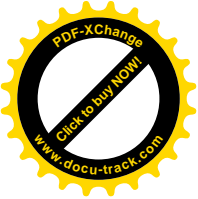
29.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2011

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Investment property R'000	Total R'000
R1 Immovable assets	55	-	6	-	61
TOTAL	55	-	6	-	61

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2010

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Investment property R'000	Total R'000
R1 Immovable assets	9,006	-	122	-	9,128
TOTAL	9,006	-	122	-	9,128



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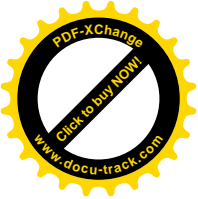
for the year ended 31 March 2011

3.13 Annexures (Unaudited supplementary schedules)

1. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2009/10	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
KZN Public Works- Devolution of Rates	259,891	177	-	450,000	710,068	709,891	509,939	72%	237,382	237,205
KZN Public Works-EPWP Incentive Grant	3,440	523	-	-	3,963	1,344	413	31%	280	-
	263,331	700	-	450,000	714,031	711,235	510,352	72%	237,662	237,205

Devolution of property rate grant is for the payment of rates to municipalities. EPWP incentive grant is for the government programme aimed at alleviating poverty and unemployment.



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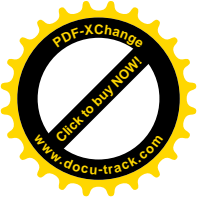
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

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ANNEXURE 1A
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2009/10
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Ethekwini Metro	189,984	-	162,616	352,600	318,754	90%	318,754	318,754	100%	189,805
Ugu Municipalities	5,087	-	16,987	22,074	5,558	25%	5,558	5,558	100%	1,932
Umgungundlovu Municipalities	26,514	-	95,196	121,710	42,110	35%	42,110	42,110	100%	27,388
Uthukela Municipalities	12,727	-	12,692	25,419	25,459	100%	25,459	25,459	100%	6,613
Umzinyathi Municipalities	3,138	177	18,126	21,441	26,213	122%	26,213	26,213	100%	318
Amajuba Municipalities	2,559	-	10,523	13,082	10,515	80%	10,515	10,515	100%	-
Zululand Municipalities	2,494	-	23,265	25,759	16,578	64%	16,578	16,578	100%	3,361
*Zululand Municipalities	7,212	-	648	7,860	7,860	100%	7,860	7,860	100%	2,302
Umkhanyakude Municipalities	87	-	14,925	15,012	12,465	83%	12,465	12,465	100%	190
Uthungulu Municipalities	4,285	-	27,200	31,435	23,007	73%	23,007	23,007	100%	3,933
Ilembe Municipalities	11,007	-	11,376	22,383	18,846	84%	18,846	18,846	100%	533
Sisonke Municipalities	2,059	-	52,860	54,919	7,983	15%	7,983	7,983	100%	4,191
Total	267,103	177	446,414	713,694	515,348	72%	515,348	515,348	100%	240,566

*Zululand Municipality rates which are not part of conditional grant.



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Note that the personnel budget for the conditional grant of R4,234 and expenditure of R2,451 is not included in these figures as it forms part of compensation of employees and not transfers and subsidies, this is inline with the Standard charts of Accounts classification.

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

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10
	Adjusted Appro- piation	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	Appro- piation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Compensation of Commissioner	202	-	-	202	-	-	-
Skills Development	354	-	-	354	368	104%	306
Total	556	-	-	556	368	66%	306



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ANNEXURE 1C
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
H/H: Empl Social Benefits	2,138	-	1,695	3,833	3,833	100%	5,082
H/H: Other Transfer	1,944	-	(734)	1,210	1,210	100%	2,541
Total	4,082	-	961	5,043	5,043	100%	7,623



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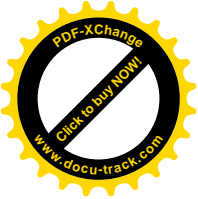
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ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
ABSA		165	16	282	-	-	298	-	-
FIRSTRAND BANK		740	148	-	39	-	109	-	-
ITHALA		3,740	205	-	172	-	33	-	-
OLD MUTUAL		957	137	-	89	-	48	-	-
STANDARD BANK		529	27	-	27	-	-	-	-
		333	48	-	20	-	28	-	-
	TOTAL	6,464	581	282	347	-	516	-	-



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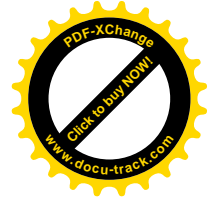
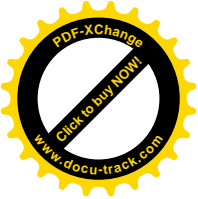
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

**ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011**

Nature of Liability					
	Opening	Liabilities incurred during the year	Liabilities paid/cancell ed/reduced during the year	Liabilities recoverabl e (Provide details hereunder)	Closing
	Balance				Balance
	1 April 2010				31 March 2011
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Claims against the department of Public Works	22,077	2,144	8,675	-	15,546
TOTAL	22,077	2,144	8,675	-	15,546



KWAZULU-NATAL DEPARTMENT OF PUBLIC WORKS

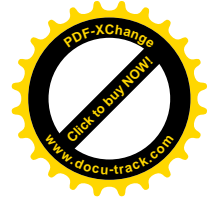
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

**ANNEXURE 3
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Agriculture, Environment Affairs & Rural Development	-	-	5,629	394	5,629	394
Arts, Culture and Tourism	711	674	31	643	742	1,317
Community and Safety an Liaison	-	-	-	540	-	540
Co –operative Governance and traditional Affairs	5,079	-	1,234	7,662	6,313	7,662
Economic Development	735	-	1,885	3,223	2,620	3,223
Education	46,415	220,162	-	-	46,415	220,162
Health	2,194	85,982	11,125	1,401	13,319	87,383
Human Settlement	1,960	2,496	657	646	2,617	3,142
KZN Legislature	-	1,436	763	2,487	763	3,923
Premier	-	4,576	4,368	4,896	4,368	9,472



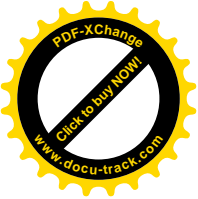
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for the year ended 31 March 2011

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Provincial Treasury	-	282	-	21	-	303
Social Development	-	5,364	14,772	4,444	14,772	9,808
Sport and Recreation	-	807	1,642	876	1,642	1,683
The Royal Household	-	-	1,013	2,454	1,013	2,454
Transport	3,535	1,771	528	219	4,079	1,990
National Department of Home Affairs	-	-	-	151	-	151
National Department of Justice	-	-	4	4	4	4
National Department of Agriculture	-	-	15	15	15	15
National Department of Public Works	-	-	42	4	42	4
South African Police Services	-	-	24	-	24	-
	-	-	31	41	31	41
					-	-
Subtotal	60,629	323,550	42,121	30,121	104,408	353,671
Other Government Entities						



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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

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Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
SASSA	-	-	6538	5168	6538	5168
Ezemvelo KZN Wildlife	-	14	14	14	14	28
Other Institution - FAZ	-	-	10	3	10	3
Other Institution - SITA	253	187	-	-	253	187
Subtotal	253	201	6,562	5,185	6,815	5,386
TOTAL	60,882	323,751	48,683	35,306	111,207	359,057



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**ANNEXURE 4
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Health - CPS		-	91	65	91	65
Department of Justice	-	-	531	779	531	779
Office of the Premier	226	410	20	741	246	1,151
Safety and Security – SAPS	-	-	-	90	-	90
Department of Transport	-	-	1,114	748	1,114	748
Provincial Treasury	41	-	-	550	41	550
Economic Development	-	-	-	735	-	735
Community Safety and Liaison	-	-	-	200	-	200
Dept of Human Settlement	-	-	17		17	
Department of Water Affairs	31	-			31	
Subtotal	298	410	1,773	3,908	2,071	4,318
Total	298	410	1773	3908	2071	4318
OTHER GOVERNMENT ENTITY						
Current						



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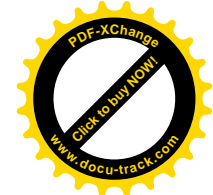
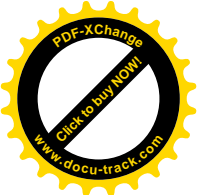
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

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GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Public Administration Leadership and Management Academy		12		20	-	
Subtotal	-	12	-	20	-	32
Total	-	12	-	20	-	32

**ANNEXURE 5
INVENTORY**

Inventory	Note	Quantity	2010/11	Quantity	2009/10
			R'000		R'000
Opening balance					
Add/(Less): Adjustments to prior year balance		84,547	2,016	43,501	1,163
Add: Additions/Purchases - Cash					
Add: Additions - Non-cash		142,647	5,564	96,305	3,857
(Less): Disposals					
(Less): Issues					
Add/(Less): Adjustments		(108,754)	(3,347)	(55,259)	(3,004)
Closing balance		118,440	4,233	84,547	2,016



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HUMAN RESOURCE MANAGEMENT

for the year ended 31 March 2011

4. HUMAN RESOURCE MANAGEMENT

The statistics and information published in the Human Resources Management part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2002 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service. The tables were obtained from Department of Public Service and Administration (DPSA). Any input or clarification required should be directed to:-

Henk Serfontein

Department of Public Service and Administration

Henk_S@dpsa.gov.za

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).

4.1 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 .	Advertisements are being delayed whilst service providers for advertising are still being sourced. The recruitment process currently taking approximately five months to finalise, considering the implementation of vetting and qualification verification.
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 in terms of learnerships	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.



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HUMAN RESOURCE MANAGEMENT

for the year ended 31 March 2011

5. Main streaming equity (gender, disability) throughout the Department's policies, programmes and practices.	<ul style="list-style-type: none">- Departmental employees- All Chief Directorates- Office of the Premier- Department of Labour- Prospective employees- Department of Public Service & Administration	Contractors and consultants employed by the Department.	Compliance with National targets in terms 50:50 gender representation and 2% disability and Race as per Economical Active Population in KZN	<p>All 5 Offices with the Department have their equity plans which serve as input to departmental global Employment Equity Plan.</p> <p>Annual Employment Equity report was submitted to department of Labour.</p> <p>Employment Equity Committee meetings are held to monitor the compliance</p> <p>Public works Offices are accessible to people with disabilities throughout the province.</p> <p>Audit conducted within the Departmental staff to identify needs and provide assistance devices.</p> <p>20% women at SMS senior management level against the National target of 50%.</p>
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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 Website.	Departmental employees	Same	<ul style="list-style-type: none">- Elimination of communication barriers- Awareness of Department Policies amongst staff
2. Departmental Policy Forum	Organised labour/Unions	Same	<ul style="list-style-type: none">- 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.



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Table 1.4 – Service information tool

TYPES OF INFORMATION TOOL	ACTUAL ACHIEVEMENTS
Departmental website, newsletters, memo's, and standing radio slots	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



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4.2. Expenditure – (01/04/2010 – 31/03/2011)

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, 2010/11

PROGRA MME	TOTAL EXPENDITU RE (R'000)	PERSONNE L EXPENDIT URE (R'000)	TRAINING EXPENDIT URE (R'000)	PROFESSIO NAL AND SPECIAL SERVICES (R'000)	PERSONN EL COST AS A PERCENT OF TOTAL EXPENDIT URE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)	EMPLOYME NT
Prog 1: Administrat ion	217,681	140,325	0	0	64.5	67	814
Prog 2: Real Estate	546,958	22,440	0	0	4.1	11	105
Prog 3: Prov of buildings	349,569	198,554	0	0	56.8	95	1177
Total	1,114,208	361,320	0	0	32.4	172	2096

TABLE 2.2 – Personnel costs by salary bands, 2010/11

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average Cost per Employee(R)	Total Personnel Cost	Number of employees
Lower skilled (Levels 1-2)	60976	17	116.8	361320	530
Skilled (Levels 3-5)	67064	18	98.5	361320	684
Highly skilled production (Levels 6-8)	119139	33	219.8	361320	542
Highly skilled supervision (Levels 9-12)	80103	21.3	323	361320	231
Senior management (Levels 13-16)	16451	4.5	609	361320	27
Contract (1-2)	98	0.03	24.5	361320	0
Contract (3-5)	3,930	1	71.5	361320	40
Contract (6-8)	3,385	0.9	211.6	361320	18
Contract (9-12)	8,868	2.4	354.7	361320	22
Contract (13-16)	1161	0.3	0	361320	0
Periodical Remuneration	145	0	66.5	361320	2
Total	361320		155.8	361320	2096



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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, 2010/11

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 Administration	101765	70.2	21	0	6492	4.5	10267	2.8
2 Real Estate	17442	75.2	0	0	534	2.3	1115	0.3
3 Provide building Structure & Equipment	143371	69.8	10	0	8476	4.1	13494	3.7
Total	262578	70.3	31	0	15502	4.1	24876	6.8



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for the year ended 31 March 2011

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2010/11

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost Per Salary
	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)	40559	65.2	14	0	4681	7.5	6378	10.3	60166
Skilled (Levels 3-5)	44629	66.3	12	0	4735	7	7408	11	65364
Highly skilled production (Levels 6-8)	85531	70.4	4	0	4169	3.4	7825	6.4	117410
Highly skilled supervision (Levels 9-12)	61770	71	1	0	1143	1.3	2870	3.3	85991
Senior management (Levels 13-16)	13966	79.4	0	0	301	1.7	279	1.6	16600
Contract	98	100	0	0	0	0	0	0	98
Contract	3926	99.8	0	0	2	0.1	0	0	3835
Contract	3165	93.3	0	0	15	0.4	30	0.9	3133
Contract	7958	86.2	0	0	456	4.9	75	0.8	8232
Contract	976	81.3	0	0	0	0	11	0.9	1201
Periodical Remuneration			0	0	0	0	0	0	190
Total	262578	70.3	31	0	15502	4.1	24876	6.8	361320

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4.3. 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 2011

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
1 Administration	890	814	8.5	25
2 Real Estate	163	105	35.6	22
3 Provide building Structure & Equipment	1262	1177	6.7	181
Total	2315	2096	9.5	228

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2011

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	546	530	2.9	130
Skilled (Levels 3-5)	759	684	9.9	53
Highly skilled production (Levels 6-8)	598	544	9	23
Highly skilled supervision (Levels 9-12)	298	231	22.5	0
Senior management (Levels 13-16)	34	27	20.6	0
Contract (Levels 1-2)	0		0	22
Contract (Levels 3-5)	40	40	0	0
Contract (Levels 6-8)	18	18	0	0
Contract (Levels 9-12)	22	22	0	0
				0
Total	2315	2096	9.5	228



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TABLE 3.3 – Employment and vacancies by critical occupation, @ 31 March 2011

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Engineer	40	29	27.5	0
Architect	7	6	14.3	1
Quantity Surv	4	2	50	0
Total	51	37	91.8	1

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4.4. 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 2010 to 31 March 2011

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)	537	0	0	0	0	0	0
Contract (1-2)	4	0	0	0	0	0	0
Contract (3-5)	55	0	0	0	0	0	0
Contract (6-8)	16	0	0	0	0	0	0
Contract (9-12)	25	0	0	0	0	0	0
Skilled (Levels 3-5)	721	1	0.1	0	0	0	0
Highly skilled production (Levels 6-8)	591	10	1.7	2	20	0	0
Highly skilled supervision (Levels 9-12)	310	4	1.3	0	0	0	0
Senior Management Service Band A	27	0	0	0	0	0	0
Senior Management Service Band B	2	0	0	0	0	0	0
Senior Management Service Band C	3	0	0	0	0	0	0
Total	2291	15	0.7	2	13.3	0	0



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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 2010 to 31 March 2011

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

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceeds the graded determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2010/11	0
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Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2010/11	0
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4.5. 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 2010 to 31 March 2011

Salary Band	Number of employees per band as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	576	0	56	9.7
Skilled (Levels 3-5)	659	68	21	2.9
Highly skilled production (Levels 6-8)	557	27	24	4.1
Highly skilled supervision (Levels 9-12)	225	20	9	3.7
Senior Management Service Band A	19	8	2	7.4
Senior Management Service Band B	2	0	0	0
Senior Management Service Band C	3	0	0	0
Contract (1-2) Permanent	0	0	0	0
Contract (3-5) Permanent	85	0	68	80
Contract (6-8) Permanent	19	0	13	68.4
Contract (9-12) Permanent	20	0	16	80
Contract (13-16)	2	0	2	100
Total	2167	123	211	9.2



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TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2010 to 31 March 2011

Occupation:	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineer	15	6	8	38.1
Architect	12	0	3	25
Quantity Surveyor	6	1	0	0
Total	33	7	11	27.5

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 Terminations	% of Total Employment	Total	Total Employment
Death	44	20.9	2.1	211	2122
Resignation	21	10	1	211	2122
Expiry of Contract	21	35.6	3.5	211	2122
Discharged due to ill-health	75	1.9	0.2	211	2122
Dismissal – misconduct	4	0.5	0.05	211	2122
Retirement	1	19.9	2	211	2122
Transfers Out	42	11.4	1.1	211	2122
Total		100	9.9	211	2122
Total number of employees who left as a % of the total employment		9.9			



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Table 5.4 – Granting of Employee Initiated Severance Packages

Category					
Lower skilled (Levels 1-2)					
Skilled (Levels 3-5)					
Highly skilled product (Levels 6-8)					
Highly skilled supervision (Levels 9-12)					
Total	0	0	0	0	0

Table 5.5 – Promotions by critical occupation

Occupation	Employees as at 1 April 2010	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	15	0	0	0	0
Architect	12	1	8.3	0	0
Quant Surv	6	0	0	0	0
Total	33	1	3	0	0

Table 5.6 – Promotions by salary band

Salary Band	Employees 1 April 2010	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)	576	0	0	0	0
Skilled (Levels 3-5)	659	10	1.5	0	0
Highly skilled product (Levels 6-8)	557	17	3.1	0	0
Highly skilled supervision (Levels 9-12)	225	27	12	1	0.4
Snr management (Levels 13-16)	24	3	12.5	3	12.5
Contract (Levels 3-5)	85	1	5.9	0	0
Contract (Levels 6-8)	19	0	0	0	0
Contract (Levels 9-12)	20	0	0	0	0
Contract (Levels 13-16)	2	0	0	0	0
Total	2167	58	2.7	4	0.2



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4.6. Employment Equity

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

Table 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	0	2	3	7	0	3	1	26
Professionals	48	0	5	13	41	2	4	4	117
Technicians and assoc	75	0	12	8	80	2	13	13	203
Clerks	130	0	16	2	294	6	33	38	519
Service and sales workers	173	0	1	2	30	0	0	0	206
Craft and related trades workers	197	11	17	23	43	0	0	0	291
Plant and machine operators and assemblers	73	1	3	0	5	0	0	0	82
Elementary occupations	458	1	6	0	187	0	0	0	652
Other Perm									
Total	1164	13	62	51	687	10	53	56	2096
Employees with disabilities	5	0	0	2	2	0	0	1	10



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Table 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	1	0	1	0	4
Senior Management	13	0	3	2	3	0	1	1	23
Professionally qualified and experienced specialists and mid-management	109	4	15	25	57	1	10	10	231
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	221	7	23	21	200	6	29	37	544
Semi-skilled and discretionary decision making	432	2	20	0	210	3	10	7	684
Unskilled and defined decision making	353	0	1	1	174	0	0	1	530
Contract (Prof qualified)	13	0	0	1	7	0	1	0	22
Contract (Skilled tech)	7	0	0	0	11	0	0	0	18
Contract (Semi skilled)	15	0	0	0	24	0	1	0	40
Contract (Unskilled)									
Total	1164	13	62	51	687	10	53	56	2096



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Table 6.3 – Recruitment for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	5	0	1	0	1	0	1	0	8
Professionally qualified and experienced specialists and mid-management	18	0	0	1	22	1	3	2	47
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	34	0	3	0	24	0	5	2	68
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Total	57	0	4	1	47	1	9	40	123
Employees with disabilities	0	0	0	0	0	0	0	0	0



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Table 6.4 – Promotions for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	4	0	0	1	1	0	0	0	6
Professionally qualified and experienced specialists and mid-management	8	1	3	0	10	0	3	3	28
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	0	1	0	17	0	1	4	31
Semi-skilled and discretionary decision making	13	0	3	0	8	0	0	0	24
Unskilled and defined decision making	68	0	0	0	30	0	0	0	98
Contract (Semi-skilled) Permanent	1	0	0	0	0	0	0	0	1
Total	102	1	7	1	66	0	4	7	188
Employees with disabilities	0	0	0	0	0	0	0	1	1



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Table 6.5 – Terminations for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	1	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	4	0	0	4	1	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	16	0	3	0	23	1	2	0	45
Semi-skilled and discretionary decision making									
Unskilled and defined decision making	33	0	0	0	23	0	0	0	56
Contract (Senior Management) Perm	0	0	0	2	0	0	0	0	2
Contract (Prof qualified) Permanent	5	7	0	0	0	4	0	0	16
Contract (Skilled technician) Permanent	30	0	0	0	51	0	0	0	81
Contract (Semi-skilled) Permanent									
Total									211
Employees with disabilities									0

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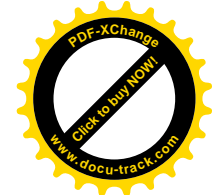
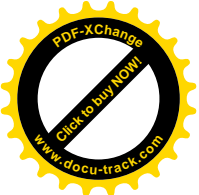
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Table 6.6 – Disciplinary action for the period 1 April 2010-31 March 2011

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	8	0	0	0	2	0	0	0	10
Written Warning	2	0	0	0	3	0	0	0	5
Correctional Counseling	0	0	0	0	0	0	0	0	0
Verbal Warning	0	0	0	0	0	0	0	0	0
Suspended Without pay	4	0	0	0	0	0	0	0	4
Fine	2	0	0	0	1	0	0	0	3
Demotion	0	0	0	0	0	0	0	0	0
Dismissal	2	0	0	0	0	0	0	0	2
Not guilty	0	0	0	0	1	0	0	0	1
Case withdrawn	0	0	0	0	0	0	0	0	0
Total	18	0	0	0	7	0	0	0	25

Table 6.7 – Skills development for the period 1 April 2010 – 31 March 2011

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	30	0	5	3	54	0	0	11	103
Professionals	5	0	1	12	2	0	0	3	23
Technicians and associate professionals	45	3	5	7	0	0	0	0	60
Clerks	42	0	9	2	70	0	11	9	143
Servi & sales wrks	6	0	0	0	1	0	0	0	7
Skilled agricult & fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	3	0	0	0	1	0	0	0	4
Elementary occupations	44	0	0	0	16	0	0	0	60
Total	175	3	20	24	134	0	11	23	400



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4.7. 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, 01/04/2010 – 31/03/2011

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (Actual)	Average cost per employee
African Female	59	685	8.6	461	7,814
African Male	97	1159	8.3	662	6,825
Asian Female	13	53	24.5	192	14,795
Asian Male	14	62	22.5	183	13,055
Coloured Female	0	10	0	0	0
Coloured Male	3	13	23.1	48	16,115
White Female	12	55	21.8	128	10,689
White Male	9	49	18.4	134	14,916
Employees with a disability	2	10	20	29	14,545
Total	209	2096	10	1,838	8,794

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011

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)	28	530	5.2	118	4,214	0.03
Skilled (Levels 3-5)	56	659	8.5	278	4,964	0.08
Highly skilled production (Levels 6-8)	96	544	17.7	951	9,906	0.3
Highly skilled supervision (Levels 9-12)	27	231	11.7	431	15,963	0.1
Contract (Level 1-2)	0	0	0	0	0	0
Contract	0	40	0	0	0	0



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(Level 3-5)						
Contract (Level 6-8)	0	18	0	0	0	0
Contract (Level 9-12)	0	22	0	0	0	0
Periodical Remuneration	0	2	0	0	0	0
Total	207	2096	9.9	1778	8589	0.5

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011

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	28	0	0	0
Architect	1	9	11	12	12.000
Quant Surv	1	4	25	36	36.000
Wks Insp	14	108	13	203	14.500
Total	16	149	49	251	16.000

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

Salary Band	Beneficiary Profile						
	Number of beneficiaries	Number of employees	% of total within band	Total Cost (R'000)	% of SMS Wage Bill	Total cost as a % of the total personnel expenditure	Personnel cost SMS(R'000)
Band A	3	5	60	99	0.9	3.300	11,113
Band B	0	3	0	0	0	0	0
Band D	0	1	0	0	0	0	0
Total	3	9	33.3	99	0.9	3300	11.113

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4.8. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 8.1 – Foreign Workers, 1 April 2010 to 31 March 2011, by salary band

Salary Band	1 April 2010		31 March 2011		Change		Total Employment @ Beginning of Period	Total Employment at End of period	Total Change in Employment
	Number	% of total	Number	% of total	Number	% change			
Lower skilled (Levels 1-2)									
Skilled (Levels 3-5)									
Highly skilled production (Levels 6-8)									
Highly skilled supervision (Levels 9-12)	1	7.1	2	66.7	1	-9.1	14	3	-11
Senior management (Levels 13-16)	1	7.1	1	33.3	0	0	14	3	-11
Contract (Levels 9-12)	12	85.7	0	0	-12	109.1	14	3	-11
Total	14	100	3	100	-11	100	14	3	-11

TABLE 8.2 – Foreign Worker, 1 April 2010 to 31 March 2011, by major occupation

Major Occupation	1 April 2010		31 March 2011		Change		Total	Total	Total
	Number	% of total	Number	% of total	Number	% change			
Professionals and managers	14	100	3	100	-11	100	14	3	-11
Total	14	100	3	100	-11	100	14	3	-11



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4.9. Leave utilisation for the period 1 January 2010 to 31 December 2010

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 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2010 to 31 December 2010

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)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	4543.5	95.6	401	24.1	11	1,013	1663	4343
Skilled (Levels 3-5)	5785	87.4	548	33	11	1,591	1663	5056
Highly Skilled production (levels 6-8)	5245.5	88.4	471	28.3	11	2,772	1663	4636
Senior management	104	87.5	16	1	7	235	1663	91
Contract	54	77.8	15	0.9	4	16	1663	42
Contract	22	59.1	7	0.4	3	11	1663	13
Contract	41	78	11	0.7	4	41	1663	32
Total	17574	89.9	1663	100	11	7637	1663	15797

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010

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)	Total	Total
Lower skilled (Levels 1-2)	972	100	21	28	46	221	972	75
Skilled (Levels 3-5)	970	100	26	34.7	37	246	970	75
Highly skilled production (Levels 6-8)	944	100	20	26.7	47	472	944	75
Highly skilled supervision (Levels 9-12)	289	100	7	9.3	41	379	289	75
Snr management (Levels 13-16)	20	100	1	1.3	20	38	20	75
Total	3195	100	75	100	43	1356	3195	75

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Table 9.3 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 9.3 – Annual Leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days taken	Average per employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	11942.24	22	539
Skilled Levels 3-5)	15624.32	22	695
Highly skilled production (Levels 6-8)	12336.08	23	544
Highly skilled supervision(Levels 9-12)	4651	20	233
Senior management (Levels 13-16)	411	17	24
Contract (Levels 3-5	152	8	20
Contract (Levels 6-8)	101	7	14
		14	24
Contract (Levels 9-12)	326		
Contract (Levels 13-16)	3	3	1
Total	45546.64	22	2094

TABLE 9.4 – Capped leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 30/09/2010	Number of employees who took Capped leave	Total number of capped leaved available @31/12/ 2010	Number of employees as at 31/12/2010
Lower skilled (Levels 1-2)	118	6	80	19	31358	393
Skilled Levels 3-5)	103	5	94	19	47741	507
Highly skilled production (Levels 6-8)	68	4	116	18	44218	382
Highly skilled supervision(Levels 9-12)	39	6	81	7	7482	92
Senior management (Levels 13-16)	4	4	114	1	1484	13
Total	332	5	95	64	132283	1387



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

TABLE 9.5 – Leave payouts for the period 1 April 2010 to 31 March 2011

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 20010/11 due to non- utilisation of leave for the previous cycle			
Capped leave payouts on termination of service for 20010/11	890	176	5050
Current leave payout on termination of service for 20010/11	174	15	11600
Total	1064	191	5571



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4.10. HIV/AIDS & Health Promotion Programmes

TABLE 10.1 – 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, grass cutters, cleaners, due to accidents which may occur on site. All professional and technical staff who interact with this vulnerable group are at risk for exposure to TB and also to other occupational hazards.	Safety training has been conducted for staff. Ensuring that Regions have dedicated Safety Officers to ensure safe work practices and procedures. Provision of protective clothing first aid kits. Provision of Safety Equipment to all professional staff and undertake safety training for professionals which has commenced and will continue .

TABLE 10.2 – Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide

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.	√		Mrs BJN Makhaye: HRM Senior Manager



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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.	√		7 staff members within the EHW Division, including the regions and the Deputy Manager. Due to financial restrictions, no budget allocated.
3.Has the department introduced an Employee Health and Wellness or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		Employee Wellness Management (iro all chronic illnesses) HIV/AIDS and TB Management Health & Productivity Management iro bereavement, personal problems, stress, rehabilitation, financial wellness, etc. SHERQ, e.g medical surveillance
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.	√		Mrs BJN Makhaye (Ex-officio) Mrs BJN Makhaye (Alt) Chairperson) Human Resources Manager Ms L Mtolo: DM: EHW; Mr Nzimande (Dep. Man: Labour Relations; Organised Labour; Regional Representatives (from 4 regions- Assist Man: HR i.e. Midland Region Rep, Mr Kendall, Miss Nel, Mr S Xulu ; Mr Mgobozi Dep. Man: HR Utilisation; Mr Atwaru Dep. Man: HRM: Prov.; Miss N Khumalo EHW Practitioner (Head Office); Ms D Hlongwane EHW Practitioner(Midlands); Mr M Dlamini (EThekwini); Mrs N Mzimela(NCR); EHW Practitioner (Southern Region)



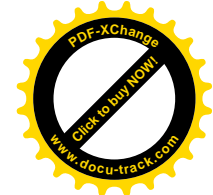
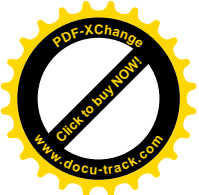
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QUESTION	YES	NO	DETAILS, IF YES
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices So reviewed.	√		EHWP, HIV and AIDS Workplace Policy, Recruitment 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.	√		Use of reference numbers for each employee instead of the name. Use of these numbers on all documentation and even on itineraries for use of vehicles to take employees to Doctors. Awareness training for all staff members to break the stigma and consequent discrimination.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	√		Employees have eagerly come forward to enrol on the EHWP for medical assistance with positive results also encourage level 1-5 employees to become members of GEMS to access free Aid for AIDS- HIV/AIDS management programme. Sapphire Membership. EHW component coordinates Departmental HCT campaigns on quarterly basis in partnership with GEMS.



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4.11. Labour Relations

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

TABLE 11.1 – Collective agreements, 1 April 2010 to 31 March 2011

Total collective agreements	NIL
------------------------------------	------------

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	00	00
Verbal warning	00	00
Written warning	05	11
Final written warning	10	23
Suspended without pay	04	09
Fine	03	07
Demotion	00	00
Dismissal	02	05
Not guilty	01	02
Case withdrawn	19	43
Total	44	100

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Negligence	5	20
Intimidating Threats	0	0
Unsatisfactory work performance	3	12
Coming to work under influence of alcohol	0	0
Use of abusive language	3	12
Abuse of State equipment viz. Telephone	7	28
Failure to adhere to official hours	0	0
Failure to comply with leave procedure	0	0
Failure to comply with given instructions	5	20
Failure to attend a counseling session	0	0
Unauthorised absence	1	4
Theft	0	0
Social grant	1	4
Total	25	100



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TABLE 11.4 – Grievances lodged for the period 1 April 2010 to 31 March 2011

	Number	% of Total
Number of grievances resolved	32	80
Number of grievances not resolved	8	20
Total	40	100

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2010 to 31 March 2011

	Number	% of Total
Number of disputes upheld	Nil	Nil
Number of disputes dismissed	2	12.5
Disputes pending	14	87.5
Total	16	100

TABLE 11.6 – Strike actions for the period 1 April 2010 to 31 March 2011

Total number of person working days lost	488
Total cost (R'000) of working days lost	R499 236,36
Amount (R'000) recovered as a result of no work no pay	R499 236,36

TABLE 11.7 – Precautionary suspensions – 01/04/ 2010 to 31/03/2011

Number of people suspended	Nil
Number of people whose suspension exceeded 30 days	Nil
Average number of days suspended	Nil
Cost (R'000) of suspensions	Nil

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4.12. Skills development:

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

Table 12.1 – Training needs identified 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	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	63	0	19	0	19
	Male	103	0		0	
Professionals	Female	7	0	19	0	19
	Male	38				
Technicians & assoc prof.	Female	60	0	22	0	22
	Male	285				
Clerks	Female	442		37		37
	Male	197				
Community and personal service workers	Female	22	0	10	0	10
	Male	201	0	0	0	0
Skilled agric & fish workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and Related Trade Workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant & mach oper & assem	Female	6				
	Male	87				
Elementary occupations	Female	235	02	14	0	14
	Male	421				
Sub Total	Female	810				
	Male	1312				
Total		2167	02	121	0	121



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Table 12.2 – Training provided 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	63		24		24
	Male	103				
Professionals	Female	7		2		2
	Male	38				
Technicians and associate professionals	Female	60		12		12
	Male	285				
Clerks	Female	442		25		25
	Male	197				
Service and sales workers	Female	22		2		2
	Male	201				
Community and personal service workers	Female	0		1		1
	Male	0				
Craft and related trades workers	Female	0		1		1
	Male	0				
Plant and machine operators and assemblers	Female	6		3		3
	Male	87				
Elementary occupations	Female	235		7		7
	Male	421				
Sub Total	Female	810				
	Male	1312				
Total		2167		78		78



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4.13. Injury on duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2010 to 31 March 2011

Nature of injury on duty	Number	% of total
Required basic medical attention only	9	75
Temporary Total Disablement	2	16.7
Permanent Disablement	1	8.3
Fatal	NIL	0
Total	12	100



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4.14. Utilisation of Consultants 1 April 2010 to 31 March 2011

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Develop Emerging Consultants Development Programme.	1	169hrs	R 132 000
Appointment of consultant for the development of Standard Tender Document	1	12 months	
One year maintenance contract of access control and CCTV	1	12 months	
Development of a mechanical period contract	1	24 months	R230 000
Development of electrical period contract	1	200hr spent 200hr outstanding For 24 months	<u>R160 000</u> R160 000
Development of plumbing period contract	1	310 hrs spent 150hr outstanding	R186 000 R100 000
Assistance with envelope management approach planning and implementation	1	24-36 months 150 hrs 100 spent 50 hrs outstanding	 R150 000
191 - Phase 2 Alterations to existing bldg & garaging	5	36 months	R 3, 367, 571
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
8	12		R4,485,571

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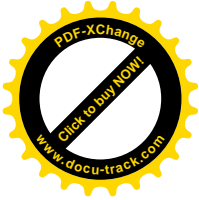
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**Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of
Historically Disadvantaged Individuals (HDIs)**

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project	BBBEE Contributor
Develop Emerging Consultants Development Programme.	100%	100%		Level 1
Appointment of consultants for the development of standard tender document				Level 2
One year maintenance contract of access control and CCTV				
Development of a mechanical period contract	0%	0%	0	
Development of electrical period contract	50%	50%	100%	Level 1
Development of plumbing period contract	International	20%	50%	Level 4
Assistance with envelope management approach planning and implementation	0	0	0	
191 - Phase 2 Alteration to existing bldg & garaging				



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Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
	NONE		
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
	NONE		



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5. OTHER INFORMATION

5.1 Acronyms

◆ ABET	-	Adult Basic Education & Training
◆ CETA	-	Construction Education and Training Authority
◆ COGTA	-	Department of Cooperative Governance and Traditional Affairs
◆ DoA	-	Department of Agriculture
◆ DoE	-	Department of Education
◆ DOPW	-	Department of Public Works
◆ EPWP	-	Expanded Public Works Programme
◆ FRPC	-	Fixed Rate Period Contract
◆ GIAMA	-	Government Immovable Asset Management Act
◆ HOD	-	Head of Department
◆ IDIP	-	Infrastructure Delivery Improvement Plan
◆ IPIP	-	Infrastructure Programme Implementation Plan
◆ IPMP	-	Infrastructure Programme Management Plan
◆ MEC	-	Member of Executive Council
◆ MTSF	-	Medium Term Strategic Framework
◆ PFMA	-	Public Finance Management Act
◆ SLA	-	Service level Agreement



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