DEPARTMENT OF PUBLIC WORKS
UMNYANGO WEZEMISEBENZI YOMPHAKATHI
PROVINCE OF KWAZULU- NATAL - ISIFUNDAZWE SAKWAZULU- NATALI

Strategic Plan
2015- 2020

DEPARTMENT OF PUBLIC WORKS

STRATEGIC PLAN

For the

Fiscal years

2015-2020

(Five years beginning with 2015 – 2020)

PR338/2013

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Province of KwaZulu-Natal, Republic of South Africa

Date of re-Tabling

21 April 2017

MEC FOREWORD

The Departmental strategic plan is a key document spelling out the conceptual framework and giving direction to the programmes and interventions over a five year period 2015-2020. It was developed according to the defined governmental process for Strategic Plans and Annual Performance Plans. The core mandate of integrated infrastructure and property management is the primary focus of this document.

The core mandate of integrated infrastructure and property management is the primary focus of this document. These programmes must respond directly to the imperatives of the National Development Plan (NDP) and the Medium Term Strategic Framework (MTSF). The strategic outlook is also aligned to KwaZulu-Natal provincial policy positions; priorities such as the Provincial Growth and Development Plan (PGDP) and the Premier's State of the Province addresses.

It is important to point out that our country's flagship public employment programme, the Expanded Public Works Programme (EPWP) is provincially coordinated by Public Works. The President made a compelling point during the 2014 State of the Nation Address that, "Government has since 2004 run the successful Expanded Public Works Programme which provides work opportunities and training for the unemployed" and has linked this centrally to the key government interventions on eradicating poverty, inequality and unemployment.

Phase 3 implementation of EPWP is well underway. This is a direct response of the Department to Outcome 4: decent employment through inclusive growth. The Department will also contribute directly and indirectly to other Outcomes, namely Outcomes 7: Efficiency, competitive and responsive economic infrastructure network, and Outcomes 12: Efficient, effective and development oriented public service. The Department has restructured to be a capable implementation agent of choice in order to be competently responsive to the provincial departments' needs for building infrastructure and property management services through acquisition, construction, maintenance and disposal of public land and buildings.

Our tasks also extend to contributing to economic and social infrastructure network demands to advance the broad imperatives of our developmental state. The NDP places special emphasis on the need to be a "capable state". Public Works interprets this as not only being driven by a sense of urgency and efficiency but also being accountable in every respect to our state and citizenry.

We are therefore pleased to present this Strategic Plan as a key statement developed in full alignment with the NDP as a road map for the realisation of the 2030 vision of government.

Mr Ravigasen Ranganathan Pillay, MPL
MEC for Human Settlements and Public Works
Provincial government of KwaZulu-Natal
Date:______

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan

- Was developed by the management of the KZN Department of Public Works under the guidance of the Hon. MEC
- Takes into account all the relevant policies, legislation and other mandates for which the KZN Department of Public Works is responsible.
- Accurately reflects the strategic goals and objectives which the Department of Public Works will endeavor to achieve over the period 2015-2020.

Mr. JP Redfearn
Chief Financial Officer
Signature______________ **Date:** 13/4/2017

Mrs. BNJ Makhaye
Director: Strategic Management
Signature______________ Date: 13/4/2017

Mr. TA. Mdadane
Accounting Officer
Signature______________ Date: 13/4/2017

Hon MEC **RR Pillay**
Executive Authority
Signature______________ Date: 13/4/17.

PART A: STRATEGIC OVERVIEW

The 2015-2020 Strategic Plan is a 5-year plan of the Department formulated after the adoption of the National Development Plan (NDP) and the Provincial Growth and Development Plan (PDGP). The 2014-2019 Medium Term Strategic Framework (MTSF) was the foundation for the strategic planning process which subsequently led to the formulation of 2015-2020 Strategic Plan of the Department of Public Works in KwaZulu-Natal. The MTSF is a 5-year plan to set the country on a positive trajectory to achieving the long-term vision to enable the department to align and integrate its mandates and programmes to the priorities of the current administration, 2014-2019. It identifies the critical outcomes and actions to be undertaken towards achievement of vision 2030 of the NDP. At the centre stage are critical delivery programmes and key service delivery targets including costing of the services to be delivered. The Department will continue to focus on raising the level of inclusive economic growth, contributing to the NDP goals and objectives of reducing poverty, unemployment and inequality. Public Works is fundamentally a service department and an implementing agent of choice. It will endeavor to implement programmes and projects on behalf of client Departments in line with MTSF 14 outcomes and NDP.

In alignment with NDP chapters, the Departmental Strategic Plan took into account the following key fourteen (14) priority outcomes of the MTSF 2014-2019:

1. Quality basic education linked to NDP Chapter 9
2. A long and healthy life for all South Africans linked to NDP Chapter 10
3. All people in South Africa are and feel safe linked to NDP Chapter 12&14
4. Decent employment through inclusive economic growth linked to NDP Chapter 3
5. Skilled and capable work force to support an inclusive growth path linked to NDP Chapter 9
6. An efficient, competitive and responsive economic infrastructure network linked to NDP Chapter 4

7. Vibrant, equitable, sustainable rural communities contributing to food security for all linked to NDP Chapter 6
8. Sustainable human settlements and improved quality of household life linked to NDP Chapter 8
9. Responsible, accountable, effective and efficient developmental local government system linked to NDP Chapter 13
10. Protect and enhance our environmental assets and natural resources linked to NDP Chapter 5
11. Create a better South Africa, a better Africa and a better world linked to NDP Chapter 7
12. An efficient, effective and development oriented public service linked to NDP Chapter 13
13. Social protection linked to NDP Chapter 11
14. Nation building and social cohesion linked to NDP Chapter 15

As an integral part of the implementation of the aforementioned outcomes, the department has considered and incorporated these 14 national measurable outcomes in its planning and implementation plans. The department has also taken into full account the imperatives of the Operation Sukuma Sakhe (OSS) that promotes provision and access of service delivery to the citizens of the Province of KwaZulu-Natal. The departmental officials play both strategic and operational roles in the implementation of OSS. Participation and involvement in this programme translates into improved service delivery and better services to the people. The strategic planning process further interrogated the relevance of the department's vision, mission and core values in relation to its stated mandate, policy priorities and achieved goals of the past five years, setting the strategic focus for the next five years (2015-2020). The vision, mission, values and strategic goals were created in alignment with the departmental mandate, the NDP, MTSF and PGDP. Currently, the vision, mission and core values of the KZN Department of Public Works are as follows:

1. VISION

“AN INCLUSIVE ECONOMY THROUGH SUSTAINABLE INFRASTRUCTURE DEVELOPMENT AND PROPERTY MANAGEMENT.

2. MISSION

“TO IMPROVE THE LIFE OF THE PEOPLE IN KWAZULU-NATAL THROUGH SUSTAINABLE INFRASTRUCTURE DEVELOPMENT AND PROPERTY MANAGEMENT.”

3. CORE VALUES

In the implementation of the five-year strategic planning period, the KwaZulu-Natal Department of Public Works will be guided by the following values:

3.1. Transparency

- We all share ideas and information freely and promote a culture of openness and transparency in all our work.
- We will facilitate access to information; always engage the communities and stakeholders in our decision making.
- We will respect the views of others and seek to first understand and there is a better way to be monitored.
- We will respect the views of others, seek to understand their opinion/s and open ourselves to monitoring.

3.2. Excellence

- We are dedicated to providing high quality, appropriate progression and timely responses for all our services
- We will seek and embrace effective leadership, innovative solutions, creativity and support, orientation to change and progressive thought.
- We will encourage effectiveness and reward efficiency and ingenuity.

3.3. Motivated Workforce

- We will treat all people with dignity, respect and fairness.
- Our employees are our most valuable resource and we will invest in their growth.
- Each employee's contribution is essential to our collective success.

3.4. Sustainability

- We will act with foresight to ensure the long term health and wellbeing of the community we serve.
- We will seek a balanced approach to deliver on our mandate, programmes and services in an economically sound, environmentally sustainable and socially responsible way.

3.5. Integrity

- We will seek public trust by being honest, competent and consistent in our actions.
- We will strive for the highest standards of moral and ethical conduct.

3.6. Team Work

- We will work together to achieve common goals
- We will share information freely, and collaborate with our stakeholders and actively engage them in our decision making and initiatives.

3.7. Accountability

- We commit the Department staff and service providers to be accountable to the public and other stakeholders for services rendered and commitments made

4. LEGISLATIVE AND OTHER MANDATES

4.1. CONSTITUTIONAL MANDATE

The Constitution does not impose any specific mandate on the Department of Public Works, it is like all departments subject to the general provisions contained therein.

Schedule 4, Part A of the Constitution provides that Public Works is a functional area of concurrent national and provincial legislative competence only in respect of the needs of provincial government departments in the discharge of their responsibilities to administer functions specifically assigned to them in terms of the constitution or any other law.

4.2. LEGISLATIVE MANDATES

KZN Public Works is the custodian of all state-owned land and immovable assets within the Province.

Within the broad statutory mandates of government institutions, the following mandates currently guide the KZN Public Works department's core functions of infrastructure development and property management.

Government Immovable Asset Management Act (No. 19 of 2007)

This act provides for a uniform framework for the management of an immovable asset that is held or used by a national or provincial department. It provides for ensuring the co-ordination of the use of an immovable asset with the service delivery objectives of the national or provincial department and for issuing of guidelines and minimum standards in respect of immovable asset management by a national or provincial department.

KZN Land Administration and Immovable Asset Management Act, No. 2 of 2014

Enables the Provincial Government to:

- administer the management of the Provincial state land, including the process of:
    - ➢ acquisition of property;
    - ➢ disposal of provincial state land;
    - ➢ expropriation of property;
    - ➢ management and maintenance of provincial state land,
- establish and maintain a current register for all Provincial State Property
- harmonise provincial land administration and management legislation with GIAMA.

The Act specifically stipulates that the MEC for KZN Public Works is responsible for the aforementioned functions. It also makes provision for user departments to submit user asset management plans to the Department, setting out how it uses or intends to use immovable assets in its possession, which user asset management plans will assist the Department in compiling its Custodian Asset Management Plan, relating to all immovable assets in its custody, thus ensuring alignment with GIAMA.

Property Valuation Act (No. 17 of 2014)

This Act, seeks to respond to a call for 'greater government intervention, including more willingness to use expropriation', so that 'the required scale' of land reform can take place.

Amongst other purposes, it:

□ provides for the establishment, functions and powers of the Office of the Valuer-General, tasked with introducing a system of property valuation for land reform purposes that ensures 'an equitable balance between the public interest and the interests of those affected by the acquisition'; and

□ provides for the regulation of the valuation of property that has been identified for land reform, as well as property that has been identified for acquisition or disposal by a department.

Local Government: Municipal Property Rates Act (No 6 of 2004)

This act regulates the powers of municipalities to impose rates on property, it excludes certain properties from rating in the national interest it makes provisions for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies and makes provision for fair and equitable valuation methods of properties and provisions for an objections and appeals process.

The Construction Industry Development Board Act, (No. 38 of 2000)

The Act provides for the establishment of the Construction Industry Development Board (CIDB) to implement an integrated strategy for the reconstruction, growth and development of the construction industry. The CIDB Act mandates the Board to establish and maintain a National Register of Contractors and a National Register of Projects. Contractors undertaking construction work on behalf of the Department are obliged to be registered with the CIDB.

National Building Regulations and Building Standards Act, (No. 103 of 1977)

The Act provides for the promotion of uniformity in the law relating to the erection of buildings in the areas of jurisdiction of local authorities, and for the prescribing of building standards.

State Land Disposal Act, (No. 48 of 1961)

This act provides for the disposal of state land and the exclusion of state land from the regime of acquisitive prescription.

Prevention of Eviction from and Unlawful Occupation of Land Act, (No. 19 of 1998)
The Act prescribes a process for dealing with evictions and unlawful occupation of property, and guides the Department in effecting such evictions where necessary.

KwaZulu-Natal Planning and Development Act (Act No. 6 of 2008)

Provides for the regulation of land use schemes, township establishment, subdivision of land, consolidation of land and the removal, suspension and amendment of conditions of title.

Expropriation Act (Act 63 of 1975)

National legislation that provides for the expropriation of land for public and other purposes and for all matters in relation thereto.

Infrastructure Development Act (Act 23 of 2014)

National legislation enacted:

- To provide for facilitation and co-ordination of public infrastructure development of significant economic or social importance to the Republic;
- To ensure that infrastructure development is given priority in planning, approval and implementation
- To ensure that the development goals of the state are promoted through infrastructure development
- To improve the management of such infrastructure during all life-cycle phases, including planning approval, implementation and operations.

Provides for:

- Existence of Presidential Infrastructure Coordinating Committee
- Identification of Strategic Infrastructure Projects(SIPS) which are of significant economic or social importance to the region or state, or which facilitate economic integration on the African continent, thereby giving effect to the National Infrastructure Plan (NIP);
- Align resources and capabilities for implementation of SIPS

- Statutory instrument to unblock obstacles in implementing NIP
- Statutory instrument by which approvals and other formalities in terms of legislation can be expedited and facilitated
- Practices and procedures to ensure infrastructure development not merely transactional but to achieve national development goals such as employment, small business/cooperatives development, Broad Based Black Economic Empowerment (BBBEE) and regional economic integration

Other legislative mandate are as follows:

- Constitution of the Republic of South Africa, (No. 108 of 1996)
- Public Service Act, 1994 (Proclamation 103 of 1994)
- Public Finance Management Act (No. 1 of 1999)
- Occupational Health and Safety Act, (No. 85 of 1993)
- Broad-Based Black Economic Empowerment Act, (No. 53 of 2003)
- Labour Relations Act, (No. 66 of 1995)
- Employment Equity Act, (No. 55 of 1995)
- Skills Development Act, (No. 97 Of 1998)
- Basic Conditions of Employment Act, (No. 75 of 1997)
- Intergovernmental Relations Framework Act, (No. 13 of 2005)
- Preferential Procurement Policy Framework Act, (No. 5 of 2000)
- Promotion of Access to Information Act (No. 2 of 2000)
- Promotion of Administrative Justice Act (No. 3 of 2000)

4.3. <u>Policy Mandate</u>

On the 16th April 2014 the Cabinet approved the transfer of the EPWP Provincial Coordination to the Department of Public Works as recorded in **Cabinet Resolution 119 of April 2014**.

The Department of Public Works together with the Department of Transport approached Cabinet through a Cabinet memorandum advancing a proposal to transfer the Provincial Coordination the Expanded Public Works Programme to the Provincial Department of Public Work.

As from the 1st of April 2015, the KZN Department of Public Works fully took over the EPWP Provincial Coordination in KZN.

The main objective of the EPWP Provincial Coordination of the sub - programme is the management and co-ordination of expenditure on the Expanded Public Works Programme.

The Medium Term performance indicators include the:

a) Number of public bodies reporting on EPWP targets within the Province

b) Number of interventions implemented to support public bodies in the creation of targeted number of work opportunities in the province

4.4. Relevant Court Rulings

There has not been any court rulings that the Department has been directly involved in, which would have a strategic impact on the Department.

Notwithstanding the aforegoing, a recent Constitutional Court ruling, namely Paulsen v Slip Knot Investments 777 (Pty) Limited (CCT 61/14) [2015] ZACC 5 (24 March 2015), relating to the payment of interest on debts, is particularly relevant to the Department, as it will have a bearing on court cases for monies owed where the Department is a defendant and where, due to large interest claims which often exceed the principal amounts owing:

- Settlement negotiations have reached a stalemate; or
- Despite having a valid defence, the Department may have to consider settling a claim rather than face potentially ruinous interest charges.

Prior to the Slipknot case, parties could claim interest which accumulated for the duration of the legal proceedings, even if this exceeded the capital amount owing.

By virtue of the Slipknot case, parties instituting legal action against the Department for monies owing will now not be able to claim exorbitant interest amounts, and the interest will be limited to the value of the unpaid capital amount, unless judgment has been granted, in which event interest will run on the judgment amount from the date of judgment until the date of payment. This case virtually restored the common-law in duplum rule on interest, which had been suspended by the 1998 Supreme Court of Appeals decision of Standard Bank of South Africa Ltd v Oneanate Investments (Pty) Ltd (in liquidation) 1998 (1) SA 811 (SCA).

The effect of this ruling is that it could possibly deter claimants from instituting and/or prolonging legal proceedings in a bid to obtain a lucrative settlement from the Department, especially where these claimants have little or no legitimate claim against the Department. In addition, the ruling provides the Department with a stronger legal foundation from which to negotiate settlements. Ultimately, the ruling will assist in preventing unnecessary expenditure in settling legal claims, thus freeing financial resources for other core strategic objectives.

4.5. Planned policy initiatives

There are few planned policy initiatives in line with the Government Mandate, key amongst these includes the following:

- Contractor Development Framework and Policy
- Procurement Implementation Plan.
- Facilities Management Framework.
  - Maintenance of provincial buildings
  - Maximize utilization of land and buildings
  - Energy Efficiency, Water conservation and Waste disposal
  - Enterprise development policy
- Procurement Indaba Resolutions and Implementation Plan.
- Radical Economic Transformation Policy in Property and Construction Sector.
- Business Process Automation and electronic records management
- Policy on the use of artisans
- Youth and other vulnerable groups policy
- Establishment of the State –Owned Construction Company

- Professional Service Providers Policy
- EPWP Standard Operating Procedures (SOPs)
- EPWP Guidelines
- e-Maintenance Strategy

5. SITUATIONAL ANALYSIS

A performance review for the past five years has been undertaken through a trend analysis. Strategic planning consultations were also undertaken with key stakeholders including the relevant portfolio committees. The outcomes based approach to service delivery has been the driving force. It informs the direction to planning for the next five years and the long term goals to be achieved. Therefore, the KwaZulu-Natal Department of Public Works continues to its role of providing for the provincial departments' needs for building infrastructure and property management services through acquisition, construction, maintenance and disposal of public land and buildings. Being informed by 2014-2019 MTSF (Medium Term Strategic Framework) and Strategic Plan (2015-2020), the Department will be a capable implementing agent of choice and will endeavor to meet its set goals and targets.

The implementation of strategic goals and objectives is being aligned to national and provincial policy imperatives of the National Development Plan (NDP) and the Provincial growth and Development Plan (PGDP) for the department to be efficiently and competitively responsive and contribute to economic and social infrastructure network demands, as well as providing decent employment through inclusive economic growth. NDP lists as a priority raising employment through faster economic growth and this can be achieved interconnected interventions (Cilliers & Camp, 2013:3). The Department will continue coordinating Expanded Public Works Programme in KwaZulu-Natal as direct response to Outcome 4: Decent employment through inclusive Growth. NDP Chapter 2 is about Economy and Employment and it emphasizes a capable state which is free of fraud and corruption. The Department is geared up to respond on this outcome because it has an impact on the lives of the people of KwaZulu-Natal. There was significant increase in the work opportunities created in the past 5 years.

The Strategic Review for the 2013/2014 Medium Term Expenditure Framework (MTEF) explored the enhanced role that the KwaZulu-Natal Cabinet has bestowed to KZN Public Works in terms of infrastructure delivery and property management sectors. The enhanced mandate relates to Public Works being the main implementing agent of delivering building infrastructure, sole mandate of providing immovable assets and property management services. The Department has put all the mechanisms and appropriate processes in place to face up to these responsibilities. The Department will ensure sectoral alignment through ongoing interface with the National Department of Works and other provinces to improve service delivery in KwaZulu-Natal. The Department will seek to institutionalize the green agenda and will put more resources to ensure that this will be achieved. The Department aims to be a key player in radical economic transformation. It will maximize opportunities offered by custodianship of land as an economic production factor in KZN.

The Department will continue put resources towards youth development in all strategic programmes. An aggressive approach will involve increasing resources towards bursaries, internships, learnerships, NYS and EPWP. The Department will develop an SCM policy which will provide a mechanism to achieve radical economic transformation. The programmes of the Department will set specific deliverables for youth emancipation. According to STATSSA (2014), the rate of unemployment from October to December 2014 was 24.3%. This is very high rate and the majority of those unemployed are black people who have not passed matriculation. Therefore providing them with immediate job opportunities through EPWP is a short term solution. However this has a positive impact on their lives if these job opportunities can be sustainable. According to STATSSA (2014), the higher the number of population educated, the lesser is the unemployment rate across all population groups and gender. Therefore the Department has a positive impact on the lives of the people through its social infrastructure delivery.

5.1. Performance Environment

The Department of Public Works is restructured to be a capable implementing agent of choice of the client departments. By implementation of the new structure the Department will be capacitated to play a role of being the implementing agent of choice. For any department to operate and discharge its mandate there has to be an office accommodation. In addition the department has a responsibility to deliver on certain key social issues in consultations with the client departments. The Department will continuously deliver on the social infrastructure such as schools, clinics. These are directly linked to the core business functions, property management and infrastructural delivery. Below is a detailed account of activities reflecting the demand for our services:

Existing provincial building infrastructure (e.g. opportunities for using state properties to promote food gardens thereby contributing to agrarian reform).

- Developed core programmes which are already aligned to deliver on some of the 14 key priority outcomes and the Provincial Programme of Action (e.g. Expanded Public Works Programme, National Youth Service, Izandla Ziyagezana, Eyesizwe Contractor Development Programme)
- Strengthening of current client liaison and stakeholder consultation forums and other communication strategies to enhance public perception and attitudes and inform departmental stakeholders.
- Develop research capacity to identify & implement initiatives to align departmental service delivery performance with industry bench marks (e.g. reduction of operational costs).
- Increased use of 'Green building principles' for internal departmental energy savings and extension of the concept to other provincial departments.
- Development of User Asset Management Plans (U-AMP) in each provincial department for effective maintenance & life cycle planning following successful U-AMP pilot project.

5.2. Organizational Environment

The structure of the Department will be in line with the outcome oriented strategic goals and objectives. One of the goals is improved capacity through skills development programme and transformation which will be achieved by allocating adequate resources to achieve improved service delivery. The Department will require adequate human resources and financial resources to be able to achieve the strategic goals and objectives as envisioned in the MTSF 2015-2020. To achieve strategic goals and objectives the Department will implement the Infrastructure Delivery Management System (IDMS). IDMS is viewed as the effective service delivery and monitoring tool to support sustainable infrastructure and property delivery. The IDMS will also capacitate the social infrastructure professionals to achieve sustainable infrastructure and property delivery.

The focus on youth development will be supported by creating the Sub-Programme: Youth Development in the structure. In the past five years the government has put emphasis on effective planning and performance monitoring and evaluation including creation of the National Department of Planning, Monitoring and Evaluation. In the 5 years this function has been performed with limited human and financial resources the units in terms of staff composition to able to effect adequate planning and performance monitoring and evaluation. The Department must be properly configured to ensure effective planning and performance monitoring and evaluation. In new organogram, Strategic Analysis Unit and Monitoring and Evaluation Unit will be configure appropriately to undertake effective planning and performance monitoring and evaluation to be in line with the government emphasis on performance management. Research and Policy Unit is also required to ensure that the policies developed are evidence based.

The Provincial Department of Public Works is structured into three programmes to implement its programmes:

Programme 1	:	Administration
Programme 2	:	Property Management
Programme 3	:	Provision of Buildings, Structures & Equipment

The Head of Department at head office is supported at chief directorate level by the following SMS posts.

Administration

- Chief Financial Officer
- General Manager: Corporate Services

Property Management

- General Manager: Property Management

Provision of buildings, structures & equipment

- General Manager: Operations

5.3. Description Of The Strategic Planning Process

The Five Year Strategic Plan, as drawn and developed in line with Medium Term Strategic Framework, is a key departmental planning base for the formulation of the Strategic and Annul Performance Plan. In this light, the planning process of the Department commenced with the review of 2010-2015 strategic plan to give direction and guidance to the formulation of the next 5 year strategic plan and subsequent Annual Performance Plans for each particular financial year. The planning process kicked off with a consultative process and actual planning with the relevant main stakeholders which were in the form of workshops. The final strategic plan workshop was held on 24 November 2015 and it was informed by the issues raised during the strategic planning consultative sessions. The Strategic Plan 2015-2020 was adopted on the 04 December 2015. The overall strategic planning process of the Department follows the guidelines summarized as follows:

Strategic Planning and Reporting

Time-line	Activity	Comment
July	5 Year Strategic Planning Session	High level planning, alignments, reviews integration to government priorities and there is annul review which informs the setting of annual performance targets
July –March	Annul Performance Plan	Setting of Annul Performance Targets
Quarterly	Quarterly Performance Reports	Quarterly assessment to examine quarterly deliverables (management)and submission to oversight structures
October	Mid Term Review	Examines half-way progress
April – August	MEC Budget Speech	Tabling of report for the past year and commitments for the new financial year

6. STRATEGIC GOALS

The departmental 5-year Strategic Plan in line with the Department's mandate, MTSF, NDP and PDGP. It strives for the achievement of the following long-term strategic goals:

6.1. Improved Service Delivery through Integrated Property Planning And Management

Strategic Goal	Improved service delivery through Integrated Property Planning and Management
Goal Statement	To meet the funded short and medium term accommodation and property management needs of provincial client departments through various forms of acquisition and disposal as well as consultatively implementing an efficient asset management cycle in line with prescribed sector and municipal property policies.
Justification	The goal aims to ensure that the Province maintains adequate land and buildings for the offices and facilities required to deliver government services to the population in all the district municipalities of KwaZulu-Natal.
Links	Direct linkage with NDP Chapter 7 which mainly provides for macro-economic coordination, policy making and infrastructure development. This goal further links to Outcome 1 and 4 of MTSF 2014-2019, PDGP and the provincial mandate of being the provider of accommodation service to all provincial departments.

6.2. Improved service delivery through integrated Infrastructure Planning and Implementation

Strategic Goal	Improved service delivery through integrated Infrastructure Planning and Implementation
Goal Statement	To meet the funded short and medium term building infrastructure needs of provincial client departments through erection of new buildings and repairs or renovation of existing buildings as per the agreed client plans and budget allocations
Justification	The goal aims to ensure that the Province maintains adequate land and buildings for the offices and facilities required to deliver government services to the population in all the district municipalities of KwaZulu–Natal
Links	Direct linkage with NDP Chapter 7 which mainly provides for macro-economic coordination, policy making and infrastructure development. This goal further links to Outcome 1 and 4 of MTSF 2014-2019, and PDGP

6.3. Expansion Of Government – Led Job Creation Through Work Opportunities

Strategic Goal	Expansion of Government – Led Job Creation Through Work Opportunities
Goal Statement	To maximize the creation of work opportunities through application of labour intensive methods in all the construction projects contracted to the department as per the stated EPWP targets, including targets of the diversified EPWP programme into the property and construction sectors.
Justification	The intensified application labour intensive methods to building infrastructure projects will maximize the jobs creation benefits of Government's increased public infrastructure investment that seeks to counter the effects of the global recession affecting the country. The EPWP Provincial Coordination by the Department of Public Works was by a **Cabinet Resolution 119 of April 2014.**
Links	Direct linked to NDP Chapter 3, MTSF Outcome 4 and :PGDP objective 1.3 which seek to lay a foundation to create employment to promote inclusive economic growth

6.4. **Effective Management and Good Governance**

Strategic Goal	Effective Management and Good Governance
Goal Statement	To ensure a high level of departmental performance by providing leadership in the areas of Strategic planning, management development, risk management, monitoring and evaluation and total security management, • To improve work ethics, professionalism and service delivery within the department • To build capacity • To ensure effective financial and risk management
Justification	Effective management will ensure the department achieves its performance targets in line with its core mandate and government policy priorities at sector, national and provincial levels.
Links	This goal is mainly linked to NDP chapter 13 which provides a foundation for developing a capable state with a vision to make a public service and local government a career choice. It is also linked to NDP chapter 14 and MTSF 2014-2019 Outcome 12 which provide for an efficient, effective and development oriented public service.

6.5. **Radical economic transformation through infrastructure and property delivery**

Strategic Goal	Radical economic transformation through infrastructure and property delivery
Goal Statement	• To improve the life of the majority of South Africans from ownership, control and management of productive assets. • • To achieve a substantial change in a racial and gender composition of ownership controlling management in the property and infrastructure sector
Justification	The majority of South Africans from ownership, control and management of productive assets.
Links	Construction Charter, NDP PGDP.

PART B: STRATEGIC OBJECTIVES

7. PROGRAMME 1: ADMINISTRATION

The main objectives of this programme are to:

- Provide strategic leadership and management
- Provide support to the Member of the Executive Council
- To build a positive corporate culture
- To render support and advice in terms of:
  - Human resource practices and policies;
  - All legal matters, security and logistics;
  - Effective communication and information management systems.
- Ensure M & E Systems are in place;
- Render sound financial management services, risk management and supply chain management

7.1. Strategic Objectives

7.1.1. Strategic Management, Corporate Services and Finance

STRATEGIC GOAL	REVISED STRATEGIC OBJECTIVES	OBJECTIVE STATEMENT	BASELINE	JUSTIFICATION	LINK
1. Effective Management and Good Governance	Enhance good governance and accountability through sound strategic management and general support through legal advisory services, security, financial and human resource management.	Full compliance with prescripts to ensure a high level of departmental performance through provision of leadership in the areas of Strategic planning, human, financial and risk management, monitoring and evaluation as well as total security management	Unqualified audit Management Performance Assessment Tool (MPAT) score mostly 3-4 range on all standards. 99.5% budget spend	To enable the department to deliver on its mandate through provision of effective support and compliance with prescripts.	NDP [1]- Chapter 13 and 14 MTSF[2] - Outcome 12 PGDP[3] – Goal 6, Strategic Objectives 6.1, 6.2 , 6.3 and 6.4 Public Finance Management Act & Regulations Public Service Act & Regulations
2. Radical economic transformation through infrastructure and property delivery	Increase access to economic opportunities to broaden the base of targeted groups for economic empowerment	Target special groups in the delivery of the department's mandate in order to achieve radical economic transformation.	New	The majority of South Africans are excluded from ownership, control and management of productive assets. This objective aims to address this gap.	NDP MTSF - Focus area 2.1 PGDP – Goal 1, Strategic Objectives 1.4 and 1.5

1 NDP – National Development Plan –Vision 2030
2 MTSF – Medium Term Strategic Framework 2014-2019
3 PGDP – Provincial Growth & Development Plan 2030

7.1.2. Resource Considerations

Summary of payments and estimates - Programme 1: Administration

Programme 1: Administration comprises two sub-programmes, namely Minister Support and Management.

Tables 14.12 and 14.13 summarise expenditure and budgeted estimates relating to Programme 1: Administration, for the financial years 2012/13 to 2018/19.

Table 14.12 : Summary of payments and estimates by sub-programme: Administration

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
1. Minister Support	10 019	11 869	13 405	13 249	13 733	13 361	12 058	12 739	13 516
2. Management	275 947	311 772	317 259	337 488	340 349	334 447	347 367	368 455	391 675
Total	**285 966**	**323 641**	**330 664**	**350 737**	**354 082**	**347 808**	**359 425**	**381 194**	**405 191**

The sub-programme: Minister Support reflects an increasing trend from 2012/13 to 2014/15. The peak in 2014/15 is ascribed to higher than anticipated donations made in respect of OSS. Donations of school uniforms were made to Shayamoya Primary School in Kokstad and Hlashana Senior Primary in eThekwini. The slight increase in the 2015/16 Adjusted Appropriation relates to funding, moved from the sub-programme Management: *Compensation of employees* to defray spending pressures under *Goods and services* in respect of the OSS Cabinet Day that was hosted by the department. The slight decrease in the 2015/16 Revised Estimate is due to delays in the filling of vacant posts, as well as the moratorium on the filling of non-critical posts, which requires the department to make a submission to the Premier and MEC for Finance for critical posts to be filled. The sub-programme shows steady growth over the 2016/17 MTEF.

With regard to the sub-programme: Management, the increase in 2013/14 was largely due to pressures driven by the re-grading of posts on salary levels 9 and 11 to 10 and 12, respectively, unanticipated costs in respect of the SIU, computer services costs for SITA data lines and information services as well as for software licences and the replacement of new computers. The increase in the 2015/16 Adjusted Appropriation relates to additional funds in respect of the above-budget 2015 wage agreement. The significant decrease in the 2015/16 Revised Estimate is attributed to delays in the filling of vacant posts, the moratorium on the filling of non-critical posts, as well as lower than anticipated expenditure on *Goods and services*, due to financial controls implemented by the department. Also contributing to the under-expenditure were delays in the procurement of motor vehicles by the DOT. This sub-programme shows inflationary growth over the 2016/17 MTEF period.

Summary of payments and estimates by economic classification - Programme 1: Administration

Table 14.13 : Summary of payments and estimates by economic classification: Administration

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Current payments	257 520	289 021	301 177	327 433	330 479	325 747	339 378	360 684	383 029
Compensation of employees	197 989	226 839	235 025	259 803	261 000	258 159	268 384	286 820	306 398
Goods and services	59 359	62 174	66 152	67 630	69 479	67 588	70 994	73 864	76 631
Interest and rent on land	172	8	-	-	-	-	-	-	-
Transfers and subsidies to:	5 164	4 450	5 858	4 217	5 406	5 245	4 364	4 351	4 475
Provinces and municipalities	369	269	325	193	210	238	223	246	244
Departmental agencies and accounts	394	416	456	520	507	194	435	457	459
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	409	874	100	100	100	-	-	-
Households	4 401	3 356	4 203	3 404	4 589	4 713	3 706	3 648	3 772
Payments for capital assets	23 271	30 170	23 629	19 087	18 197	16 816	15 683	16 159	17 687
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	19 378	24 936	19 168	14 916	14 026	10 924	11 683	12 159	13 687
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	3 893	5 234	4 461	4 171	4 171	5 892	4 000	4 000	4 000
Payments for financial assets	11	-	-	-	-	-	-	-	-
Total	285 966	323 641	330 664	350 737	354 082	347 808	359 425	381 194	405 191

Compensation of employees shows a significant increase in 2013/14, largely due to the higher than anticipated wage agreement and the re-grading of posts on salary levels 9 and 11 to 10 and 12, respectively. The slight increase in 2014/15 was due to higher than anticipated wage agreement costs. The increase in the 2015/16 Adjusted Appropriation can be ascribed to the above-budget 2015 wage agreement. The decrease in the 2015/16 Revised Estimate is attributed to delays in the filling of vacant posts, as explained previously. The budget grows steadily over the 2016/17 MTEF, with the baseline increasing following a reprioritisation exercise undertaken by the department to fund critical vacant posts. As mentioned previously, the budget over the 2016/17 MTEF includes carry-through additional funding for the previous years' wage agreements.

Goods and services reflects an increase in 2013/14 which was mainly attributed to an unanticipated increase in costs for the SIU, higher than anticipated computer services costs in respect of SITA data lines and information services, as well as higher than anticipated fleet services costs such as fuel and oil. The increase in the 2015/16 Adjusted Appropriation relates to savings identified under *Compensation of employees* to cater for spending pressures in respect of the OSS Cabinet Day that was hosted by the department within the Minister Support sub-programme, as well as for higher than anticipated costs relating to computer services for SITA information services and SITA data lines within the Management sub-programme. The 2016/17 MTEF maintains inflationary growth, although reprioritisation was undertaken from other categories to cater for the SITA SLAs.

With regard to *Interest and rent on land*, the spending in 2012/13 and 2013/14 relates to interest on finance leases and interest paid on overdue accounts for water and electricity.The budget against *Transfers and subsidies to: Provinces and municipalities* caters for motor vehicle licence fees. The budget maintains a steady growth over the 2016/17 MTEF.

Transfers and subsidies to: Departmental agencies and accounts caters for the skills development levy and workmen's compensation, however, in the 2015/16 Adjusted Appropriation an amount of R13 000 was identified as savings because no claims were received in respect of Workmen's compensation, such as claims related to injuries on duty and moved to the sub-programme: Management under *Transfers and subsidies to: Provinces and municipalities* to cater for motor vehicle licence fees, which were under-budgeted for. The minimal decrease in the 2015/16 Adjusted Appropriation relates to funding moved for motor vehicle licences. This category shows a steady trend, however, the minimal decrease over the MTEF can be ascribed to reprioritisation undertaken to cater for motor vehicle licences.

Spending against *Transfers and subsidies to: Non-profit institutions* in 2013/14 and 2014/15 relates to donations made to schools and war-rooms in respect of OSS. The department has made provision for OSS donations in 2015/16 and over the 2016/17 MTEF, and the budget grows at an inflationary rate.

Transfers and subsidies to: Households provides for staff exit costs and external bursaries. The fluctuating trend from 2012/13 to 2014/15 is largely driven by the unpredictable nature of staff exit costs. The high spending in 2012/13 was due to higher than anticipated staff turnover. The significantly high spending in 2014/15 was due to an unanticipated increase in staff exit costs and this explains the decline in 2015/16. The increase in the 2015/16 Adjusted Appropriation and Revised Estimate is caused by higher than anticipated staff exits costs. The 2016/17 MTEF includes the external bursaries budget which was decentralised to the department from OTP and provision for the staff exit costs.

With regard to *Machinery and equipment*, the high spending in 2013/14 relates to the replacement of computers within the department and for payments in respect of software licences, which explains the decrease in 2014/15. The slight decrease in the 2015/16 Adjusted Appropriation is largely due to enforced savings on items such as office furniture and computer equipment to *Goods and services* to address spending pressures driven by higher than anticipated costs relating to computer services for SITA information services and SITA data lines within the Management sub-programme, as well as a shift from finance leases to Goods *and services* under communication services within Programme 1. The purpose of the funds, which is cell phone contracts for departmental officials, remains unchanged. The significant decrease in the 2015/16 Revised Estimate is due to delays in the procurement of motor vehicles and computer equipment. The decrease over the 2016/17 MTEF relates to reprioritisation from this category to fund *Goods and services* for the SITA SLAs within the programme.

In respect of *Software and other intangible assets*, the significant increase from 2012/13 onward relates to the renewal of Cognos user licences, where the department entered into a three-year commitment and annual billing with Microsoft, as mentioned. The substantial increase in 2013/14 relates to the purchase of software licences. The increase in the 2015/16 Revised Estimate is due to unanticipated increased costs, in respect of software licences. The 2016/17 MTEF allocation decreases slightly as a result of reprioritisation to cater partially for the SITA SLAs, as mentioned above.

The 2012/13 spending against *Payments for financial assets* reflects various losses which were written off.

7.1.3. Risk Management – Programme 1

STRATEGIC GOALS	STRATEGIC RISK	MITIGATING INTERVENTIONS
Effective Management and Good Governance	Inadequate monitoring of contracts entered into between the department and outside parties resulting in irregular expenditure / underspending & possible litigation.	• Determine & Implement contract management reporting requirements. • Early Identification & monitoring of non-performing contractors in terms of policy • Timeous renewal of relevant contracts
	Shortage of professional and technical skills	• Contact relevant institutions to attract & increase applicant pool • Formal skills transfer process established. • Enhancement of existing skills & Attracting skilled staff • The provisions of additional funds to fund vacant professional posts. • Approach SETAs for funding • Revise bursary policy to include EPWP beneficiaries • Implement retention strategy
	Non-adherence to approved employment equity plan. Limited pool of applicants	• Compliance with implementation of Employment Equity Plan. • Contact relevant institutions to increase applicants
	Inadequate alignment of the current organizational structure to the departmental functions to achieve the strategic objectives	• Fast tracking approval of the Draft organizational structure • Advertise & fill key critical posts
Radical Economic Transformation	Insufficient Percentage awarded to HDI	• Developmental programs

7.2. PROGRAMME 2: PROPERTY MANAGEMENT (REAL ESTATE)

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

7.2.1 Strategic Objectives

STRATEGIC GOAL	REVISED STRATEGIC OBJECTIVES	OBJECTIVE STATEMENT	BASELINE	JUSTIFICATION	LINK
3. Improved service delivery through integrated property planning and management	Improve immovable asset management and custodianship of all provincial assets and facilities	• Uniform management of Immovable Assets, through the coordination of the use of immovable assets with the service delivery objectives of the Provincial Departments and provision of guidelines on the minimum standards in respect of immovable assets	+/- 10 000 facilities	• To ensure that the Province manages and maintains land and buildings required to deliver government services to the population of KwaZulu-Natal • Life cycle management of immovable assets	NDP – Chapter 7 MTSF – Outcome 1 and 4 RSA Constitution, 1996, Deeds Registries Act, 1937 GIAMA, 2007 (Act of 2007) KZN Land Administration and Immovable Asset Management Act, 2014 (Act 2 of 2014), Spatial Planning and Land Use Management Act (SPLUMA), Planning and Development Act

STRATEGIC GOAL	REVISED STRATEGIC OBJECTIVES	OBJECTIVE STATEMENT	BASELINE	JUSTIFICATION	LINK
					and All Other Related Acts, Division of Revenue Act, Municipal Property Rates Act, 2004
	Provide suitable accommodation for provincial departments effectively	Provision of Provincial accommodation needs through acquisitions, hirings, disposals and Lettings	111 leases, 26 lettings, 24 acquisitions p.a	Accommodation required by provincial departments to fulfil their service delivery mandates	As above

7.2.2. Resource Considerations

Summary of payments and estimates - Programme 2: Property Management

There are three sub-programmes within this programme, namely Personnel and Admin Related, Hiring and Acquisition of Land, Control and Disposal. Tables 14.14 and 14.15 below summarise payments and budgeted estimates from 2012/13 to 2018/19

Table 14.14 : Summary of payments and estimates by sub-programme: Property Management

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
1. Personnel and Admin Related	469 838	535 565	609 125	624 534	634 394	647 988	642 705	677 122	717 021
2. Hiring	4 404	4 842	5 009	5 247	5 655	5 664	4 957	4 278	4 864
3. Acquisition of Land, Control and Disposal	93	9	157	308	308	163	245	259	272
Total	**474 335**	**540 416**	**614 291**	**630 089**	**640 357**	**653 815**	**647 907**	**681 659**	**722 157**

The sub-programme: Personnel and Admin Related shows high spending in 2013/14 due to property rates commitments from the previous year, unanticipated arrear payment for property rates relating to the King George V Hospital which was only effected in 2013/14, as well as higher than budgeted for wage agreement costs. The significant increase in 2014/15 emanated from payments for the Fixed Asset Management Tool and GIAMA related projects. The increase in the 2015/16 Adjusted Appropriation relates to additional allocation for the above-budget 2015 wage agreement, as well as to cater for spending pressures brought about by arrear payments in respect of property rates for schools in the Msunduzi Municipality, where the department is liable for property rates. Also, the high spending in the 2015/16 Revised Estimate is ascribed to the payments of newly identified properties in respect of property rates. The MTEF allocations cater for property rates and continuation of GIAMA projects as well as implementation of the Fixed Asset Management Tool.

With regard to the sub-programme: Hiring, the increase in 2014/15 relates to higher than anticipated costs relating to the department's building lease in respect of Fedsure House in Pietermaritzburg. The increase in the 2015/16 Adjusted Appropriation is attributed to higher than anticipated costs relating to the department's building lease in respect of Fedsure House in

Pietermaritzburg. The allocation over the MTEF fluctuates slightly, with a decrease in 2017/18 as a result of reprioritization to cater for critical vacant posts in the North Coast region.

The erratic trend from 2012/13 to 2014/15 against the sub-programme: Acquisition of Land, Control and Disposal is ascribed to the number of valuations of properties made by the department. The spending in 2013/14 decreased substantially due to the lower than anticipated number of property valuations and funds were moved to the Personnel and Admin Related sub-programme to provide for Windeed research and advisory costs which is a system used to access information on property, in respect of property ownership, value of property, etc. The sub-programme shows inflationary growth over the 2016/17 MTEF.

Summary of payments and estimates by economic classification - Programme 2: Property Management

Table 14.15 : Summary of payments and estimates by economic classification: Property Management

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Current payments	78 085	73 056	101 615	122 813	124 966	114 983	113 921	119 581	127 485
Compensation of employees	36 567	43 316	43 583	45 556	47 122	47 199	49 350	52 650	56 684
Goods and services	41 512	29 740	58 032	77 257	77 844	67 784	64 571	66 931	70 801
Interest and rent on land	6	-	-	-	-	-	-	-	-
Transfers and subsidies to:	395 814	467 064	512 586	507 097	515 391	538 832	533 966	561 908	594 490
Provinces and municipalities	395 743	466 799	512 510	507 062	515 356	538 713	533 931	561 873	594 455
Departmental agencies and accounts	-	-	-	5	5	5	5	5	5
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	71	265	76	30	30	114	30	30	30
Payments for capital assets	436	296	90	179	-	-	20	170	182
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	436	296	90	179	-	-	20	170	182
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	474 335	540 416	614 291	630 089	640 357	653 815	647 907	681 659	722 157

The high spending from 2013/14 onward against *Compensation of employees* was driven by the carry-through costs associated with the filling of posts, as well as higher than anticipated annual wage agreements. The increase in the 2015/16 Adjusted Appropriation relates to the above-budget 2015 wage agreement. This category grows at an inflationary rate over the 2015/16 MTEF.

The significant decrease in spending against *Goods and services* in 2013/14 was as a result of delays in the awarding of the tender in respect of GIAMA, where an appeal was lodged relating to the condition assessment tender. Also contributing were delays in the SCM processes for the purchase and development of the Fixed Asset Management Tool. The peak in 2014/15 was mainly driven by spending in respect of the Fixed Asset Management Tool, as well as payments for operating costs of the newly established Harry Gwala district office. The significant increase in 2015/16 is attributed to a roll-over of GIAMA funds from 2013/14, which explains the reduction over the MTEF. The minimal increase in the 2015/16 Adjusted Appropriation was due to higher than anticipated costs for the department's building lease in respect of Fedsure House in Pietermaritzburg. Also contributing to the increase was a shifting of funds relating to finance leases from *Machinery and equipment* to be correctly classified under *Goods and services* against communication services. However, the decrease in the 2015/16 Revised Estimate is as a result of delays in the appointment of consultants for GIAMA related projects. This category shows inflationary growth over the 2016/17 MTEF.

The spending of R6 000 in 2012/13 against *Interest and rent on land* relates to interest on finance leases.

The high spending in 2013/14 against *Transfers and subsidies to: Provinces and municipalities* was mainly due to property rates commitments relating to the previous year, as well as the unanticipated arrear payment for property rates relating to the King George V Hospital which was only effected in 2013/14. The increased spending in 2014/15 relates to arrear property rates in the eThekwini and North Coast regions. The significant increase in the 2015/16 Adjusted Appropriation is due to savings identified under *Compensation of employees* in Programme 1, as well as within Programme 2 to cater for spending pressures brought about by arrear payments in respect of property rates schools in the Msunduzi Municipality, where the department is liable for property rates. However, the significant increase in the 2015/16 Revised Estimate is ascribed to the payment of property rates, in respect of newly identified properties. This explains the decrease over the 2016/17 MTEF. However, this category shows inflationary growth over the 2016/17 MTEF.

The budget against *Transfers and subsidies to: Departmental agencies and accounts* is for the payment of workmen's compensation, and is linked to claims received, with no payments made in 2012/13 to 2014/15. Allocations remain constant in 2015/16 and over the 2016/17 MTEF, as this cannot be predetermined.

With regard to *Transfers and subsidies to: Households,* the high spending in 2013/14 was due to higher than anticipated staff exit costs. The substantial increase in the 2015/16 Revised Estimate due to higher than anticipated staff exit costs. In 2015/16 and over the MTEF, allocations remain constant as it is difficult to accurately budget for staff exit costs.

The fluctuating trend against *Machinery and equipment* relates to actual requirements. The high spending in 2012/13 was attributed to the SCOA reclassification of finance leases, which were originally budgeted for under *Goods and services*. This accounts for the decrease in 2013/14 and 2014/15. In the 2015/16 Adjusted Appropriation, a shifting of funds was undertaken for finance leases to be correctly classified under communication services in *Goods and services*. The purpose of the funds, which is cellphone contracts for departmental officials, remains unchanged. The fluctuating trend over the 2016/17 MTEF is linked to actual requirements in respect of computer equipment.

7.2.3. Risk Management – Programme 2

STRATEGIC GOALS	STRATEGIC RISK	MITIGATING INTERVENTIONS
Effective Management and Good Governance	Escalation of property rates by the Municipalities results in Inaccurate cash flow & insufficient budget	• Close monitoring of increased rates in line with Municipal Property Rates Policies & Council Resolutions & to lodge objections timeously.
Improved service delivery through integrated property and management	Insufficient office accommodation in Pietermaritzburg	• funding to be provided by the Provincial Treasury • Develop office precinct

7.3. PROGRAMME 3: OPERATIONS

Provision of Buildings, Structures and Equipment (Operations and Professional Services). 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;
- Coordinating and aligning operational activities in line with Municipal demarcations

7.3.1. **Strategic Objective**

STRATEGIC GOAL	REVISED STRATEGIC OBJECTIVES	OBJECTIVE STATEMENT	BASELINE	JUSTIFICATION	LINK
4. Improved service delivery through integrated Infrastructure Planning and Implementation	Enhance infrastructure planning and implementation	Planning and implementation of Infrastructure Projects from Provincial Departments in accordance to the IDMS.	Construction projects : 81 Maintenance : 14	Successful implementation of IDMS to ensure effective and efficient service delivery through infrastructure.	NDP Chapter 7 MTSF Outcome 1 and 4
	Deliver sustainable infrastructure aligned with the green agenda.	To promote utilization of green building principles (energy, water, waste efficiency)	1 pilot done (Harry Gwala District)	Enhancement of performance of Government facilities and reduction of operational costs.	PGDP – Goal 5
5. Expansion of government-led job creation through work opportunities	Improve efficiency, innovation and variety of government led job creation	Work opportunities created through Labour Intensive Construction Methods through Expanded Public Works'	• 6286 work opportunities • 873 full time equivalent work opportunities • 3 empowerment interventions • 73 public bodies supported	• Creation of work opportunities to alleviate poverty by contributing to the National Poverty Reduction • Promotion of compliance of Public Bodies reporting on	NDP – Chapter 3 PGDP - Goal 1, Strategic Objective 1.4 MTSF Outcome 4

STRATEGIC GOAL	REVISED STRATEGIC OBJECTIVES	OBJECTIVE STATEMENT	BASELINE	JUSTIFICATION	LINK
		Programme (EPWP) • Promotion of sustainable employment opportunities through Full Time Equivalents (FTE's) created by the Provincial Department of Public Works • Co-ordination and Implementation of EPWP Phase 3 in the Province. Co-ordination and Compliance Monitoring • Reporting of public bodies on EPWP targets within		EPWP in the province. • Promotion of compliance with EPWP requirements reporting • Creation of work opportunities to alleviate poverty by contributing to the National Poverty Reduction Strategy.	

STRATEGIC GOAL	REVISED STRATEGIC OBJECTIVES	OBJECTIVE STATEMENT	BASELINE	JUSTIFICATION	LINK
		the Province. • Interventions implemented to support public bodies in the creation of targeted number of work opportunities.			

7.3.2. Resource Considerations

Tables 14.17 and 14.18 summarise payments and budgeted estimates relating to Programme 3 for the period 2012/13 to 2018/19.

Table 14.17 : Summary of payments and estimates by sub-programme: Provision of Buildings, Structures and Equipment

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
1. Personnel and Admin Related	285 008	322 047	334 267	331 214	340 934	343 584	352 396	369 966	392 955
2. Buildings and Structures	88 002	84 149	108 860	77 626	77 565	78 137	72 880	70 887	70 692
Total	**373 010**	**406 196**	**443 127**	**408 840**	**418 499**	**421 721**	**425 276**	**440 853**	**463 647**

The sub-programme: Personnel and Admin Related reflects an increasing trend from 2012/13 to 2014/15. The significant increase in 2013/14 was attributed to the replacement of computers at head office and new computers for regional offices. The increase in 2014/15 was driven by once-off additional funding for the Richmond Community Development and the National Youth Service programmes, payments for work done on the Ulundi Royal Household Palace, as well as for refurbishment work at Nyokeni Palace. This accounts for the decrease in 2015/16. The increase in the 2015/16 Adjusted Appropriation is attributed to the above-budget 2015 wage agreement, once-off additional funding allocated for the completion of the Provincial Infrastructure Master Plan, as well as a roll-over from 2014/15 for the Richmond Community Development programme, which was specifically and exclusively appropriated for the payment of stipends relating to NYSP learners. The slight increase in the 2015/16 Revised Estimate relates to higher than anticipated costs of property payments such as water and electricity. Included in the 2016/17 MTEF, is funding for the EPWP co-ordination programme, which was moved from the DOT, and the EPWP Integrated Grant for Provinces allocation for 2016/17 only, at this stage. The sub-programme grows steadily over the 2016/17 MTEF.

The sub-programme: Buildings and Structures shows a fluctuating trend over the seven years, as it is based on the department's actual capital infrastructure requirements, including new and carry-through costs on certain projects. The decrease in 2013/14 was due to slow progress on the head office project, and delays relating to non-compliance caused by the lack of capacity by the contractor of the uMgungundlovu new administrative wing. The substantial increase in 2014/15 relates to the Richmond Community Development programme for ablution facilities in the Richmond area. In addition, once-off additional funding was received for refurbishment work at the Nyokeni Palace that was needed to be completed before the Reed Dance ceremony in September 2014. The slight decrease in the 2015/16 Adjusted Appropriation relates to enforced savings identified to cater for spending pressures in respect of water and electricity costs against the sub-programme: Personnel and Admin Related. The slight increase in the 2015/16 Revised Estimate is due to higher than anticipated spending on current infrastructure projects in the Midlands and North Coast regions. This explains the decrease from 2016/17 onwards, which is also driven by completion of some projects such as construction of offices for the Ilembe and Umzinyathi district offices, replacement of roof in the uMgungundlovu district offices and upgrades to the head office, Vryheid depot.

Summary of Payments and Estimates by economic classification – Programme 3: Provision of Buildings, Structures and Equipment

Table 14.18 : Summary of payments and estimates by economic classification: Provision of Buildings, Structures and Equipment

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Current payments	**290 004**	**317 047**	**337 653**	**334 959**	**342 625**	**345 737**	**356 920**	**372 522**	**395 639**
Compensation of employees	203 931	218 938	227 267	251 609	243 722	240 092	266 505	283 588	303 864
Goods and services	86 020	98 105	110 385	83 350	98 903	105 645	90 415	88 934	91 775
Interest and rent on land	53	4	1	-	-	-	-	-	-
Transfers and subsidies to:	**4 727**	**4 861**	**6 250**	**1 242**	**3 287**	**3 537**	**1 630**	**1 369**	**1 386**
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	7	4	56	56	45	57	28	24
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 726	4 854	6 246	1 186	3 231	3 492	1 573	1 341	1 362
Payments for capital assets	**78 180**	**84 288**	**99 201**	**72 639**	**72 587**	**72 447**	**66 726**	**66 962**	**66 622**
Buildings and other fixed structures	76 886	74 773	98 248	71 373	71 321	71 321	66 318	66 225	66 225
Machinery and equipment	1 294	9 515	953	1 104	1 266	1 066	408	737	397
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	162	-	60	-	-	-
Payments for financial assets	**99**	**-**	**23**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**373 010**	**406 196**	**443 127**	**408 840**	**418 499**	**421 721**	**425 276**	**440 853**	**463 647**

Compensation of employees shows an increasing trend over the seven years, largely due to the filling of vacant posts and the various higher than anticipated wage agreements, as well as additional funding received for improving infrastructure support. This funding was specifically and exclusively appropriated and the department has not yet completed the implementation of its revised infrastructure staffing structure that this funding was intended for. Thus amounts of R21.713 million, R22.799 million and R24.121 million remain ring-fenced within this category for this purpose over the 2016/17 MTEF. The decrease in the 2015/16 Adjusted Appropriation and Revised Estimate is due to delays in filling of vacant posts, as well as the moratorium on the filling of non-critical posts, which requires the department to make a submission to the Premier and MEC for Finance for critical posts to be filled.

Spending against *Goods and services* reflects an increasing trend from 2012/13 to 2014/15. The increase in 2013/14 can be ascribed to high costs of repairs and maintenance, as well as water and electricity. The significant increase in 2014/15 was attributed to previous year commitments relating to the Richmond Community Development programme, as well as additional funding received for renovations to His Majesty's Ulundi Palace, the LA Complex, Ministerial houses and temporary residential units for a Royal Household event. These renovations were largely accounted for as repairs and maintenance, and hence the significant decrease in 2015/16. The increase in the 2015/16 Adjusted Appropriation relates to a roll-over from 2014/15 for the Richmond Community Development programme, as well as once-off additional funding received for the completion of the Infrastructure Master Plan. The substantial increase in the 2015/16 Revised Estimate largely relates to the higher than anticipated municipal services costs such as electricity in the North Coast region. Allocations over the 2016/17 MTEF include the EPWP Integrated Grant for Provinces in 2016/17 only, at this stage. This category shows steady growth over the 2016/17 MTEF.

The spending in 2012/13, 2013/14 and 2014/15 against *Interest and rent on land* relates to interest on finance leases. *Transfers and subsidies to: Departmental agencies and accounts* relates to workmen's compensation payments which are difficult to budget for accurately due to the nature of claims. As a result, this category shows an erratic trend over the years. *Transfers and subsidies to: Households* is largely ascribed to staff exit costs which are difficult to budget for, hence, the fluctuating trend over the seven years.

With regard to *Buildings and other fixed structures*, the fluctuating trend over the seven years is based on actual capital infrastructure requirements, including new and carry-through costs of certain projects. The significant increase in 2014/15 can be ascribed to once-off payments in respect of the Richmond Development Community programme for ablution facilities, as well as for refurbishment work at Nyokeni Palace for work needed to be completed before the Reed Dance ceremony which took place in September 2014, and refurbishment work at Nyokeni Palace. This explains the decrease in 2015/16. The baseline over the 2016/17 MTEF is based on the department's actual infrastructure requirements and it reflects a decline due to reprioritisation undertaken from this category to cater for the EPWP co-ordination function, which was moved from DOT to the department.

Machinery and equipment fluctuates over the seven years, largely due to actual requirements in the programme such as office furniture and computers. There was a significant increase in 2013/14 attributed to higher than anticipated costs of replacing computers within the department. The decrease in 2014/15 was due to a function shift of finance leases to *Goods and services* as a result of a SCOA reclassification. The slight increase in the 2015/16 Adjusted Appropriation relates to savings identified from *Software and other intangible assets* relating to the Auto Cad system software which is used by architects and engineers for drawings, which was not procured in 2015/16, and these savings were moved to this category to cater for higher than anticipated costs of purchasing computers within Programme 3. The slight decrease over the 2016/17 MTEF is ascribed to actual requirements.

Software and other intangible assets shows a decrease in the 2015/16 Adjusted Appropriation due to savings identified from the Auto Cad system software, used by architects and engineers for drawings and which aids architects to design 3D pictures relating to infrastructure and the savings were moved to *Machinery and equipment* to cater for higher than anticipated costs of purchasing computers within Programme 3. The increase in the Revised Estimate is ascribed to the unanticipated costs of purchasing Microsoft software licences for computers that were replaced. The department wrote off various losses of R99 000 and R23 000 in 2012/13 and 2014/15, respectively, as reflected against *Payments for financial assets.*

7.3.3. Risk Management – Programme 3

STRATEGIC GOALS	STRATEGIC RISK	MITIGATING INTERVENTIONS
Improved service delivery through integrated Infrastructure Planning and Implementation	IPMPs (Infrastructure Programme Management Plans) submitted late by client departments resulting in delays in IPIPs, Compromised service delivery, Under expenditure & Inaccurate cashflows.	• To introduce IPMP and IPIP developing forums in the third quarter of each financial year. • To Monitor Planned Maintenance performance per Provincial Department
Expansion of Government – Lead Job Creation through Work Opportunities	EPWP data flow processes not being clearly defined and standardized due to Non-existence of the EPWP SOPs	• Develop the EPWP SOPs and clearly outline the EPWP data flow process
Radical economic transformation through infrastructure and property delivery.	Insufficient support provided to Emerging Contractors. Shortage of skills and capacity among contractors resulting in poor performance & delayed implementation / Cancellation of projects	• To develop emerging contractors in line with Construction Charter to ensure sustainability

PART C: LINKS TO OTHER PLANS

8. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

Refer to item 11 below (Public-Private Partnerships)

9. CONDITIONAL GRANT

Table 14.6 : Summary of conditional grants payments and estimates by name

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Devolution of Property Rate Funds grant	402 443	-	-	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	5 292	3 000	3 167	3 057	3 056	3 056	4 471	-	-
Total	407 735	3 000	3 167	3 057	3 056	3 056	4 471	-	-

10. PUBLIC ENTITIES

The Department does not have any Public Entities

11. PUBLIC-PRIVATE PARTNERSHIPS

KwaZulu-Natal Government Precinct

Name Of PPP	Purpose	Outputs	Current Value Of Agreement (R Thousand)	Date When Agreement Expires
Proposed Government Precinct	To construct new office space to replace existing inefficient and inadequate existing offices to improve service delivery. The proposed Government Precinct PPP is going to be a 20 year programme and not a 5 year programme	Construct approx. 88,000 sq. m of new offices. Maintain and operate the precinct for the balance of the 20 year concession period	Estimated to be approximately R17,000,000 (i.e. R17 Billion)	Currently Treasury and the KZN DOPW have a joint mandate from Cabinet to proceed this project. The feasibility stage is being completed and will be submitted to the National Treasury for approval. Thereafter, an exemption process will be undertaken to facilitate the expected radical economic transformation agenda. It is anticipated that this exemption process will be completed by end of February 2016 which will be followed by the procurement process which has been developed.

PART D: ANNEXURES

12. Annexure 1: List of acronyms & Abbreviations

No.	Acronym	Full Description
1.	APP	- Annual Performance Plan
2.	DoPW	- Department of Public Works
2.	DoT	-Department of Transport
4.	FTE	- Full Time Equivalent
5.	GIAMA	-Government Immovable Asset Management Act.
6.	HDI	-Historically Disadvantaged Individuals
7..	IAR	-Immovable Asset Register
8.	IDIP	-Infrastructure Delivery Improvement Programme
9.	IDMS	-Infrastructure Delivery Management System
10.	IPIP	Infrastructure Programme Implementation Plan
11.	IPMP	-Infrastructure Programme Management Plan
12.	KZN	-KwaZulu Natal
13	MEC	-Member of Executive Council
14.	M&E	-Monitoring and Evaluation
15.	MPL	-Member of the Parliament
16	MTEF	- Medium Term Expenditure Framework
17.	MTSF	-Medium Term Strategic Framework

No.	Acronym	Full Description
18.	NDP	-National Development Plan
19.	NYS	-National Youth Service
20.	OSS	-Operation Sukuma Sakhe
21.	PGDP	-Provincial Growth and Development Plan
22.	RSA	-Republic of South Africa
23.	SCM	-Supply Chain Management
24.	SCOA	-Standard Charts of Accounts
25.	SDA	-Services Delivery Agreement
26.	SITA	-State Information Technology Agency
27.	SIU	-Special Investigation Unit
28.	SLA	-Service Level Agreement
29.	SETA	-Sector Education and Training Authority
30.	SMS	-Senior Management Services
31.	PFMA	-Public Financial Management Act
32.	RSA	- Republic of South Africa
33.	U-AMP	-User Asset Management Plan