

PRESENTATION TO THE SELECT COMMITTEE ON PUBLIC SERVICES

DPW STRATEGIC PLAN AND BUDGET FOR 2012/13

15 MAY 2012



TABLE OF CONTENTS

MINISTER'S FOREWORD

PART A: STRATEGIC OVERVIEW

- INTRODUCTION AND STRATEGIC CONTEXT
- KEY MEDIUM-TERM POLICY PRIORITIES

PART B: STRATEGIC OBJECTIVES

DPW PROGRAMME STRUCTURE

- PROGRAMME 1: ADMINISTRATION
- PROGRAMME 2: IMMOVABLE ASSET MANAGEMENT
- PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME (EPWP)
- PROGRAMME 4: PROPERTY AND CONSTRUCTION INDUSTRY POLICY REGULATION
- PROGRAMME 5: AUXILIARY AND ASSOCIATED SERVICES

PART C: BUDGET

- BUDGET SUMMARY PER PROGRAMME
- BUDGET SUMMARY PER ECONOMIC CLASSIFICATION
- INFRASTRUCTURE PLAN



MINISTER'S FOREWORD

Summary of key points from the Minister's Foreword:

- The Strategic Plan is informed by national priorities drawn from the Medium Term Strategic Framework and the 10 policy priorities adopted by Government in 2009.
- DPW as the single biggest player in the Property and Construction Sectors has a significant role to play in infrastructural development whilst reducing levels of poverty, unemployment and inequality across the country.
- Turnaround Strategy: To address poor performance and negative audit outcomes

MINISTER'S FOREWORD ...

- Key priorities to be considered in the turnaround strategy are:
 - Stabilising the department, working toward a clean audit outcome, finalising the State's Immovable Asset Register, improving lease management, improving finance and supply chain management, addressing the challenges of the PMTE and improving human resource management;
 - In a joint effort with National Treasury: audit and review of all existing leases to identify irregular leases, strength lease management systems and capacitate Property Management function
- An Inter-Ministerial Committee has been put in place to provide advice and support with the turnaround strategy.



MINISTER'S FOREWORD ...

- DPW will be refurbishing vacant under-utilised properties to regenerate inner cities and towns and promoting property development and investment in rural and under resourced areas.
- Phase 2 of the EPWP: Contribute to the creation of work opportunities, skills provision. The focus will be on up scaling EPWP further.
- DPW will also accelerate efforts of the National Youth Service Programme to ensure government buildings and related infrastructure are maintained in a manner that benefits the youth.
- In addition, DPW will build on its skills development programmes by implementing a skills pipeline strategy spearheaded by the CBE.
- DPW is developing a Green Building Framework



MINISTER'S FOREWORD (Cont..)

- DPW will pay much needed attention to the devolution of client maintenance, property rates, leasing and municipal services budgets as part of management of accommodation charges.
- Accordingly DPW will introduce the necessary IT infrastructure to support the planning a delivery processes of infrastructure development.



PART A

Strategic overview



STRATEGIC CONTEXT

MANDATE:

The mandate of the Department of Public Works (DPW) is the custodianship and management of a significant portfolio of national government's immovable assets. This includes the provision of accommodation, rendering of expert built environment services to user departments at national government level in the planning, acquisition, management and disposal of immovable assets under the custodianship of DPW. DPW is also mandated to coordinate and provide strategic leadership in the implementation of the Expanded Public Works Programme (EPWP).

The **Minister's Performance Agreement** and Service Delivery Agreements are central to the DPW's planning and covers **three (3) sector outcomes**:

- Decent employment through inclusive economic growth (outcome 4);
- Sustainable human settlements and improved quality of household life (outcome 8);
- An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12).

STRATEGIC CONTEXT...

The following focus areas are relevant to the Outcomes in the Minister's Performance Agreement:

Outcome 4: Focus areas: Reducing youth unemployment, expanding the EPWP, and DPW Implementation of Building Programmes in a manner that creates jobs

Outcome 8: Focus area: Release of land and properties for developmental purposes to the Department of Human Settlements;

Outcome 12: Focus area: DPW as the custodian of all Immovable State Assets ensures that immovable assets utilised for delivering various government services yields functional, economic and social benefits to the state for improved service delivery .

Two additional outcomes form the basis of DPW's Strategic Plan:

- (Outcome 5): Skilled and capable workforce to support an inclusive growth path; and
- (Outcome 6): Create efficient, competitive and responsive infrastructure network;

KEY MEDIUM-TERM PRIORITIES

Key policy priorities over the 5 years:

- Stabilising the department, clean corporate governance and reviewing of the effectiveness of operations of DPW;
- Strengthening the state's immovable asset register
- Auditing of leases and reviewing of the lease management system;
- Addressing the audit challenges;
- Transforming the built environment through empowering emerging contractors in line with BBBEE and promoting labour intensive and green practices;
- Effective client relations management to improve service delivery
- Addressing the triple challenge of unemployment, poverty and inequality through the EPWP programme and job creation initiatives

KEY MEDIUM-TERM PRIORITIES ...

Key policy priorities over the 5 years:

- Improving supply chain management
- Addressing the challenges of the PMTE to ensure proper management of client accommodation charges.
- Reviewing of the State Land Disposals Act of 1961 in conjunction with DRDLR.
- Finalising of draft legislation for: Expropriation Bill, Council for the Built Environment Bill and Agrément South Africa Bill.
- Implementing a Facilities Management Policy and Strategy;
- Development of skills in the built environment through the Young Professionals, Internship, Learnership Programmes and the bursary scheme. DPW is also reviving its workshops to absorb graduates to work under the mentorship of certified artisans.



KEY MEDIUM-TERM PRIORITIES ...

Public Entities

- There are four Public Entities reporting to the Department of Public Works. The Entities have identified, inter alia, the following key strategic programmes, for the MTEF period:
- The Construction Industry Development Board (cidb): Growth and Contractor Development, Construction Industry Performance, Procurement and Delivery Management, Construction Registers Services;
- The Council for Built Environment (CBE): Development of policy frameworks to safeguard public interests, Skills Pipeline Strategy
- The Agrément SA (ASA): Provide assurance of fitness of purpose for non-standardised construction technology;
- The Independent Development Trust (IDT): Community mobilization and development, provide support to institutions such as NPOs, serve as programme management agency on government infrastructure projects.



PART B

Strategic objectives



PART B: STRATEGIC OBJECTIVES

- Departmental strategic objectives across five (5) programmes and their sub-programme are explained in detail in the Strategic Plan from Pages 16-41.
- The five programmes of the department are as follows:
 - Programme 1: Administration
 - Programme 2: Immovable Asset Management
 - Programme 3: Expanded Public Works Programme (EPWP)
 - Programme 4: Property and Construction Industry Policy Regulation
 - Programme 5: Auxiliary and Associated Services



PROGRAMME 1: ADMINISTRATION

PURPOSE OF THE PROGRAMME:

To provide strategic leadership and support services, including the accommodation needs and overall management of DPW.

SUB-PROGRAMMES:

MINISTRY:

The Ministry sub-programme consisting of the office of the Minister provides political and administrative support and report directly to the political head.

MANAGEMENT:

OFFICE OF THE DIRECTOR-GENERAL:

The office provides strategic leadership, guidance and oversees the overall implementation of DPW's Strategic Plans, across all functions. The following units are part of the office:

- Chief Operating Officer
- Strategic Management Unit
- Intergovernmental Relations and Parliamentary Services
- Monitoring & Evaluation
- Internal Audit and Investigation Services



PROGRAMME 1: ADMINISTRATION

FINANCE AND SUPPLY CHAIN MANAGEMENT:

The purpose of the sub-programme is to achieve financial effectiveness for both DPW and the PMTE through sound financial management, integrated financial planning, responsive and compliant supply chain management.

CORPORATE SERVICES:

Corporate Services is a partner in support of DPW's service delivery objectives. It provides the following functions:

- Human Resources
- Information Services
- International Relations
- Communications
- Legal Services
- Security Services
- Gender and Disability

PROGRAMME 1: STRATEGIC INITIATIVES

- Develop Strategic Plans and Annual Performance Plans for DPW
- Implementation and review of the Risk Management strategy
- Co-ordination and management of DPW's meetings and engagement with Parliament and organs of state in all spheres of government
- Management of performance and corporate governance of DPW and Entities
- M&E policy and guidelines
- Development of an audit plan
- Development, review and implementation of Fraud Prevention Strategies

PROGRAMME 1: STRATEGIC INITIATIVES

Finance and Supply Chain Management (SCM):

- PMTE debtors' age analysis
- Compliance to SA GAAP by Property Management Trading Entity (PMTE)
- Compilation of accurate financial statements for DPW in-line with prescripts
- Compliance to SCM prescripts
- Management of movable assets

PROGRAMME 2: IMMOVABLE ASSET MANAGEMENT

PURPOSE OF THE PROGRAMME

To provide and manage Government's immovable property portfolio in support of Government's social, economic, functional and political objectives.

EXPECTED OUTCOMES OF THE PROGRAMME

- An efficient, competitive and responsive economic infrastructure network (outcome 6);
- Sustainable human settlements and an improved quality of household life (outcome 8);
- An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12).



IMMOVABLE ASSET MANAGEMENT (cont....)

SUB-PROGRAMMES OF PROGRAMME 2:

- **Strategic Asset Investment Analysis**

To plan for life cycle immovable asset management based on credible asset data and portfolio and property analysis to achieve efficiency, economy and effectiveness in the use of DPW's immovable asset portfolio;

- **Projects and Professional Services**

Management of construction projects consisting of capital and refurbishment projects, creation of jobs within the construction and infrastructure service industry, creation of training opportunities for built environment graduates;

- **Inner City Regeneration Programme**

To cooperate with provincial and local spheres of government towards the regeneration of inner cities/towns. Creation of jobs in the construction industry using the construction management methodology;

- **Operations Management**

To execute property and facilities management projects in a safe and secure working environment at regional level through the acquisition, maintenance, optimal utilization and disposal of immovable assets;



IMMOVABLE ASSET MANAGEMENT (cont....)

Key Account Management and Prestige

- To manage relationships between DPW and user departments on the provision of accommodation through facilitating signed Service Level Agreements(SLA), assisting user departments to compile User Asset Management Templates(UAMP), obtaining signed Capital Works Implementation Programmes(CWIP) from user departments and submitting Monthly Key Account Management Reports to user departments.



PROGRAMME 2: STRATEGIC INITIATIVES

KEY PRIORITIES: ASSET INVESTMENT MANAGEMENT (AIM)

- To ensure a complete and accurate immovable asset register on the assets by 31 March 2014
- Confirmation of ownership of 35 895 land parcels under DPW's custodianship
- Development of annual Custodian Asset Management Plans (CAMP's) and implementation programmes
- Rehabilitation of 100 properties
- 100 buildings to be made accessible to people with disabilities
- Release land for human settlement and land reform purposes



PROGRAMME 2: STRATEGIC INITIATIVES

KEY PRIORITIES: PROJECTS AND PROFESSIONAL SERVICES

- 2 500 projects to be implemented (refurbishment and capital)
- Create learning and training opportunities for 500 graduates of built environment careers through the Young Professionals programme
- Prioritise 35% of the capital budget (DPW and user departments) for development of Emerging Contractors, Women Owned Enterprises, and Youth in terms of BBBEE score card

KEY PRIORITIES: INNER CITY REGENERATION

Precinct plans to be completed for Tshwane



PROGRAMME 2: STRATEGIC INITIATIVES

KEY PRIORITIES: OPERATIONS MANAGEMENT

- Ensure compliance with OHS Act and regulations for all immovable assets over the MTEF
- Effective management of FM contracts for state immovable assets over the MTEF

KEY PRIORITIES: KEY ACCOUNT MANAGEMENT (KAM)

- Sign Service Level Agreements for 50 user departments
- Sign Capital Works Implementation Programs for user departments

PROGRAMME 2: STRATEGIC INITIATIVES

KEY PRIORITIES: PRESTIGE

- Improvement in the manner in which we manage our Prestige Projects
- Ensure Prestige projects are implemented in a cost effective manner



PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

PURPOSE OF THE PROGRAMME

Ensure the creation of work opportunities and the provision of training for unskilled, marginalised and unemployed people in South Africa by coordinating the implementation of the Expanded Public Works Programme.

EXPECTED OUTCOME OF THE PROGRAMME

Decent employment through inclusive economic growth (Outcome 4);

KEY PRIORTIES FOR 2011/12

5 YEAR TARGET	PERFORMANCE INDICATOR	TARGET 2012/13
4.5 million work opportunities created for poor and unemployed by 2014 (2million FTE jobs)	Number of youth participating in the NYS	3 500 to participate in NYS
	Number of municipalities reporting on EPWP targets	260 municipalities to report on EPWP targets
	Total number of work opportunities created through EPWP	Create 1 210 000 work opportunities
	Total number of EPWP opportunities created on provincial access roads	Create 130 000 work opportunities

PROGRAMME 4: PROPERTY AND CONSTRUCTION INDUSTRY POLICY REGULATION

PURPOSE OF THE PROGRAMME

- To promote growth and transformation in the construction and property industries.
- To promote uniformity and best practices in the construction and immovable asset management in the public sector.

EXPECTED OUTCOME (S) OF THE PROGRAMME

Skilled and capable workforce to support an inclusive growth path (Outcome 5).



PROGRAMME 4: PROPERTY AND CONSTRUCTION INDUSTRY POLICY REGULATION

KEY PRIORITIES: CONSTRUCTION AND PROPERTY POLICY REGULATION

- To amend the legislative framework for the Built Environment Professions (BEPs) between 2012-2015
- To develop the Green Building Framework and related policies within the 2012- 2015 period to contribute to environmental sustainability in the construction and property sectors



PART C

Budget



Summary Budget - MTEF

	2011/12	2012/13	2013/14	2014/15
Administration	777,521	893,978	947,380	1,004,730
Immovable Asset Management	5,410,545	5,364,043	5,881,586	6,236,611
Expanded Public Works Programme	1,575,198	1,659,000	1,961,008	2,107,985
Property and Construction Industry Policy Regulations	34,900	37,436	39,182	41,473
Auxiliary and Associated Services	31,580	39,339	40,678	42,819
Total	7,829,744	7,993,796	8,869,834	9,433,618



MTEF Allocation per economic classification

	2011/12	2012/13	2013/14	2014/15
Compensation of employees	1,252,550	1,260,154	1,332,422	1,424,725
Goods and services	619,767	596,580	621,875	647,650
Office Accommodation	403,544	469,052	504,900	535,194
Transfers and subsidies	4,010,315	4,085,826	4,548,838	4,844,342
Buildings and other fixed structures (Infrastructure)	1,443,945	1,484,742	1,754,653	1,868,132
Machinery and equipment	94,222	91,770	101,162	107,232
Software and other intangible assets	5,401	5,672	5,984	6,343
Total	7,829,744	7,993,796	8,869,834	9,433,618



MTEF Allocation – Earmarked funds

	2011/12	2012/13	2013/14	2014/15
EPWP Non-state Sector		279 897	354 533	405 688
CIDB		66 882	70 561	74 795
CBE		27 438	28 947	30 684
Infrastructure		899 742	1 134 653	1 188 732
BCOCC: Other Projects		475 000	490 000	519 400
Border Post Infrastructure: Home Affairs		110 000	130 000	160 000
Augmentation of PMTE		646 849	682 426	723 372
Parliamentary Village Management Board		7 771	8 198	8 690
EPWP Incentive Grant to Municipalities		599 240	701 924	743 912
EPWP Incentive Grant to Provinces – Infrastructure		292 761	361 624	383 255
EPWP Incentive Grant to Provinces – Social Sector		217 401	257 564	272 972
Devolution of Property Rates Fund to Provinces		1 918 659	2 051 993	2 167 743
Independent development Trust – Intermediary		9 639	10 169	10 779
		5 551 279	6 282 592	6 690 022



INFRASTRUCTURE BUDGET

SUB-PROGRAMME: INFRASTRUCTURE

The acquisition of infrastructure for DPW's own accommodation needs as well as for the prestige portfolio, land ports of entry, dolomite risk management, inner city regeneration programmes and accessibility programmes in terms of the disability policy is funded from the Infrastructure (Public Works) allocation.

Infrastructure Plan

1. New ,Replacement, Upgrade and Additions

No of projects	Programme	Main appropriation	Revised Estimate	Medium Term Estimates		
		2011/12	2011/12	2012/13	2013/14	2014/15
		R`000	R`000	R`000	R`000	R`000
179	Departmental	127 555	468 185	278 000	246 000	220 000
201	Accessibility	25 000	25 000	28 000 000	30 000	32 000
51	Dolomite Risk Management	120 000	46 000	130 000	160 000	180 000
142	Land Ports of Entry	390 510	310 000	585 000	620 000	679 400
8	Inner City Regeneration	124 000	122 000	140 000	418 653	636 732
129	Special Projects	656 880	472 760	323 742	280 000	120 000
	TOTAL	1 443 945	1 443 945	1484 742	1754 653	1231 732



Devolution of Property Rates Fund to Provinces

Province	2012/13	2013/14	2014/15
	R'000	R'000	R'000
Eastern Cape	200,825	210,376	222,243
Free State	231,399	244,755	258,561
Gauteng	281,470	294,376	310,982
Kwazulu-Natal	551,100	588,180	621,359
Limpopo	35,399	37,024	39,112
Mpumalanga	76,870	83,029	87,712
Northern Cape	43,911	46,424	49,043
North West	178,183	202,408	213,825
Western Cape	319,501	345,422	364,906
	1,918,659	2,051,993	2,167,743

Devolution of rates and taxes budget is appropriated through DORA and funds are transferred to Provinces for the payments of Provincial property rates

EPWP Incentives to Provinces and Municipalities

EPWP Incentive Grants	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)
EPWP Integrated Grant to Municipalities	599 240	701 924	743 912
EPWP Integrated Grant to Provinces – Infrastructure	292 761	361 624	383 255
Social Sector EPWP Incentive Grant for Provinces – Social Sector	217 401	257 564	272 972
	1 109 402	1 321 112	1 400 139

Incentive allocation disburses funds to provinces, municipalities and non governmental organizations based on set job creation targets

EPWP Integrated Grant to Provinces

Province	Allocation (R'000)
Eastern Cape	60 333
Free State	21 391
Gauteng	18 835
KwaZulu-Natal	79 506
Limpopo	48 983
Mpumalanga	26 255
Northern Cape	9 915
North West	10 444
Western Cape	17 099
Total	292 761

Report on performance of EPWP will be submitted to the Portfolio committee during the financial year



Social Sector EPWP Integrated Incentive Grant to Provinces

Province	Allocation (R'000)
Eastern Cape	22 121
Free State	23 908
Gauteng	41 945
KwaZulu-Natal	1 673
Limpopo	57 734
Mpumalanga	13 659
Northern Cape	2 073
North West	29 564
Western Cape	24 724
Total	217 401

Report on performance of EPWP will be submitted to the Portfolio committee during the financial year



THANK YOU!

