



DEPARTMENT: PUBLIC WORKS
REPUBLIC OF SOUTH AFRICA

Framework for the Devolution of Budgets and Introduction of Accommodation Charges

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1. Introduction

- 1.1 DPW will devolve its maintenance, property rates, municipal services and leasing budgets to national user departments from 1 April 2006. DPW will also devolve its budget for provincial property rates to provinces. This document provides a framework for this devolution, including the introduction of accommodation charges on state-owned properties managed by DPW.

- 1.2 The devolution of these budgets is in line with the 1997 White Paper on Public Works, which stated that:

"In line with best practice, the DPW will plan for and initiate measures aimed at increasing client financial responsibility for capital costs and management of accommodation. Mechanisms may include "hard charging" for rent and maintenance; fees for services; incentives for effective space utilisation; and/or eventual choice of service provider. In future, client departments will have increased responsibilities for accommodation as they begin to pay their own capital costs, rent and maintenance fees. This will reduce the tendency for departments to make requests for unrealistically expensive accommodation, and will increase the utilisation of space. Despite the fact that client departments will pay for their accommodation, there will still exist a need for policy guidelines on space and cost norms for prudent space utilization...."

The DPW will actively encourage budgetary reform to ensure that, in future, the annual capital and expenditure budgets of all national departments include provisions for their individual accommodation requirements. When this happens, client departments will be required to pay a fee, comprised of a capital charge, a notional rent and management fee, for the accommodation and related services which the DPW will provide. This will entail the DPW developing mechanisms for service level agreements with clients, thus "contractorising" its most important set of external relationships. Management and the delivery of specific services such as property maintenance will be governed by both these service level agreements as well as the need to act as or on behalf of the landlord in terms of a "Total Asset Management Strategy" and the maintenance of property values."

- 1.3 Proposals are also made in this document for the introduction of optionality, to enable Departments to choose whether to use DPW as a service provider for their functional accommodation. Initially optionality will only be piloted with the South African Police Service, who must prove capacity and capability before embarking on managing their own portfolio.
- 1.4 Apart from the devolution of property rates for provincial properties, this document applies to the national government only. Public works is a concurrent legislative function and therefore provinces can exercise discretion about property management and accommodation arrangements, subject to framework national legislation or intergovernmental agreements. Further consultation and options for provincial property management reform will take place during 2006.

2. Principles

2.1 The following principles underpin the design of this process:

- i. Transparency of costs: All costs associated with the delivery of a service by a department should be reflected on the budget of the department, including the full costs of immovable assets utilised in the delivery of the service.
- ii. Incentives for efficiency: There should be incentives for departments to utilize immovable assets and related resources efficiently. For example, departments should be allowed to reallocate and utilise savings achieved through more efficient use of space or through reduced consumption of water and electricity.
- iii. Strategic management of immovable assets: A key objective is to align immovable asset management with service delivery objectives according to the principles as set out in the Government Wide Immovable Asset Management Policy (GIAMA) which has been approved by Cabinet.
- iv. Accountability for the use of immovable assets: Accounting Officers must be accountable for the use of immovable assets as prescribed by the PFMA and the GIAMA.

3. Devolution of Budgets

3.1 **Devolution of funds to National Departments:** DPW will devolve its maintenance, property rates, municipal services and leasing budgets¹ (see Annexures A to E) to national user departments from 1 April 2006 as follows:

- i. **Maintenance and property rates:** The devolved maintenance and property rates budgets will be ring-fenced and will appear on a user department's budget as part of its administration budget under the line item accommodation which can only be used to pay accommodation charges to DPW for state-owned properties occupied by that department. DPW will use the income from accommodation charges to pay for property rates, and to maintain and refurbish the national state-owned property portfolio. In time, this income may also be used to build up capital for new acquisitions to the portfolio. Hence, DPW will act as landlord for the national state-owned property portfolio. Annexure B and C provide a summary of the maintenance and property rates funds for the MTEF period for each budget vote respectively. It should be noted that municipalities are not yet invoicing DPW for all properties (eg DPW is not receiving invoices for property rates for the Union Buildings and Parliament). Further budget adjustments to take into account changes in municipal rates policy may thus be required.
- ii. **Municipal services:** DPW's budget for municipal services will be devolved, and will appear as a municipal services budget on user

¹ These budgets are based on DPW's baseline for 2006/07 plus additional funds approved by MTEC for maintenance (R 200 million), property rates (R 5 million), leases (R 65 million) and municipal services (R 60 million). These figures were not available at the time for the accommodation charges model (see section 4) and the accommodation charges model are only based on DPW's baseline for 2006/07.)

departments' budgets. User departments will be responsible for the payment of municipal services, such as water, electricity and sanitation, directly to municipalities. User departments must provide DPW with the address to which such invoices should be sent, and DPW will inform municipalities accordingly. User departments must keep a record of payments for municipal services per facility and make this information accessible to DPW for asset management purposes.

Where facilities are shared by more than one department, a primary user to whom the service charges should be sent will be identified by DPW, and the primary user will need to claim a portion of the bills from the other users. Where a facility is likely to be shared in the long-term, separate meters should be installed. Due to the shortage of skilled administrative and finance staff in DPW, DPW will not be in a position to devolve staff and their associated budgets along with the service charge budgets. Annexure D provides a summary of the municipal services budget for the MTEF period per budget vote. User departments may enter into an agreement with DPW to pay municipal services on their behalf, for which DPW will charge a management fee of 5%.

- iii. **Property leases:** DPW will devolve its leasing budget, which will be reflected as a budget for property leases on user departments' budgets. The lease budgets will be ring-fenced and will appear on a user department's budget as part of the accommodation budget which can only be used to pay accommodation charges to DPW for leased accommodation. DPW will continue to enter into leases to supply in the accommodation needs of national departments. Annexure E reflects the budget to be devolved for property leases.

3.2 Devolution of Property Rates for Provincial Properties to Provinces: Prior to 1994, DPW was deemed the custodian ("owner") of most state-owned properties and therefore took responsibility for the payment of municipal property rates. This practice has continued notwithstanding the separation of ownership of state land between national and provincial governments determined by the Interim Constitution (1993). For the 2006/07 financial year, the budget for property rates for provincial properties will appear on DPW's budget, however, DPW will devolve the payment of property rates in respect of properties deemed to be provincial, to the relevant Provincial Government during the 2006/07 financial year based on bilateral discussions and arrangements with each province.

- i. Lists of the properties deemed to be provincial, on which DPW are currently paying property rates have been provided to each province on compact disk (CD) by National Treasury. The budget to be devolved per province is given in Annexure F.
- ii. Each province must, from a date agreed upon between DPW and the Province, pay the property rates for all the properties on the respective lists. Municipalities are not yet claiming rates for all state-owned properties. In future, all properties may be rated, however, only the 2006/07 DPW budget allocation for property rates is devolved. The 2006/07 budget's allocation is based on the 2005/06 baseline plus normal inflationary increase for properties deemed to be provincially owned.

- iii. Provinces have been requested to verify the properties on the CD to ensure that the properties are indeed “owned” by that province. The list of properties (on the CD) deemed to be provincial does not pre-empt the confirmation of ownership (“vesting”) of state land programme, co-ordinated by the Department of Land Affairs and which is scheduled to be completed in 3 years. The finalization of this project may necessitate some minor adjustments to the list of properties deemed to be provincial and hence future budgets.
- iv. DPW is currently engaging with municipalities to inform them of these changes.

4. Introduction of accommodation charges on state-owned properties

- 4.1 Departments will pay DPW an accommodation charge for state-owned properties which they occupy (excluding prestige properties and foreign properties). The accommodation charge will include an element for state-owned properties and an element for leased properties. DPW will create a trading account and will use the accommodation charge income to manage, maintain and replace state-owned properties, and to pay leases. The aim of the accommodation charge system is to create a situation where the full costs of managing and replacing accommodation-related immovable assets is transparent and is reflected on the budget of the department which utilises the assets for service delivery.
- 4.2 The accommodation charge will be used to pay for property rates, maintenance and rehabilitation, and major refurbishment or replacement of existing state-owned properties. Any surplus accrued on the accommodation charge will be used to build up capital which may in time be used to finance (or partially finance) the acquisition of additional properties.
- 4.3 Departments will be required by National Treasury to enter into a memorandum of understanding² (MOU) with DPW, specifying, inter alia, the roles and responsibilities of the two parties. In consultation with DPW, National Treasury will prescribe a standard format and minimum content of the MOU.
- 4.4 The amount charged for accommodation by DPW will not be more than the amount earmarked for paying for accommodation on departments’ budgets (which in turn is based on the amounts to be devolved from DPW). The leased properties element of the accommodation charge will be based on the actual costs of leases. The current budgets available for maintenance and rehabilitation of state-owned properties are approximately one third of that required for ongoing maintenance (excluding the maintenance backlog)³. The budgets which will be devolved will therefore be only a fraction of the required expenditure for proper management of the assets. It will not be possible for these budgets to be increased to the required levels immediately. Therefore, initially the accommodation charge has to be based on the size of the budgets devolved to departments (with a budgeted increase – as provided for in the

² Initially user departments will be required to enter into a MOU. Over time each user department will be required to enter into a full service level agreement with DPW.

³ This under-funding for maintenance results in below-standard facilities (with consequent negative effects on service delivery), as well as in a reduction in the life-cycle of the assets (i.e. the assets must be replaced more quickly than if they were properly maintained). There is therefore no real long-term saving from under-funding for maintenance.

recent MTEC figures).

- 4.5 The introduction of accommodation charges must not create an unmanageable administrative burden for DPW. In order for accommodation charges to be introduced from April 2006, it will be necessary to start with as simple a system as possible, with a manageable number of accommodation invoices to be issued quarterly in advance. Due to the large number of properties involved, it will therefore not be practical for DPW to issue an accommodation invoice per property. The formula proposed below will enable DPW to implement charges per type of facility per department. Once the accommodation charge system is bedded down, DPW will investigate the possible introduction of more disaggregated methods of calculating accommodation charges. The aim is to implement an accommodation charge per property within three years.
- 4.6 The categories of types of state-owned facilities for which accommodation charges will be charged are:
- offices
 - police stations
 - prisons
 - courts
 - residential accommodation
 - medical facilities and mortuaries
 - museums and libraries
 - mess facilities and restaurants
 - halls and lecture facilities
 - shops
 - warehouses and hangers
 - ablution facilities
 - miscellaneous structures
 - undercover parking
- 4.7 The monthly square metre rate per type of facility in 2006/07 (based on DPW's baseline for 2006/07) is provided in Table 1 below (see Annexure G for calculations). These rates are used to calculate the accommodation charge per facility type for each user department.

Table 1 Accommodation charge per type of facility in 2006/07

Facility Type	2006/07 Accommodation charge per m ² per month (Rand)
Ablution Facilities	4.74
Court Buildings	5.21
Halls & Lecture Facilities	3.32
Medical Facilities & Mortuaries	4.93
Mess Facilities & Restaurants	3.79
Miscellaneous Structures	2.37
Museums & Libraries	5.21
Offices	4.74
Police Stations	4.74
Prisons	5.69
Residential Accommodation	3.32

Facility Type	2006/07 Accommodation charge per m² per month (Rand)
Shops	3.32
Under Cover Parking	1.42
Warehouses & Hangers	2.37

- 4.8 Based on multiplying the figures in Table 1 by the area (in square metres) of each type of facility used by each department, an accommodation budget (state-owned properties only) for each department is determined. This budget⁴ (based on DPW's baseline for 2006/07) is provided in Table 2 (**see Annexure H for calculations**). **Annexure I** provides more detail on the accommodation charge based on a 5%, 10% and 15% increase on the base line budget for 2006/07. Please note that the grand total in this table is equal to the total maintenance and property rates budget to be devolved and utilised for the payment of accommodation charges as indicated in Table 3.

Table 2 Accommodation budget per department in 2006/07 (based on the current 2006/07 DPW baseline to be devolved, excluding recent MTEC additional allocations)

User Department	Annual Accommodation Charge (R '000)
Agriculture	17 840
Arts & Culture	7 260
Communications	182
Correctional Services	260 388
Education	151
Environmental Affairs & Tourism	3 645
Foreign Affairs	4 566
Government Communications (GCIS)	6
Health	2 818
Home Affairs	8 698
Housing	93
Independent Complaints Directorate	96
Justice and Constitutional Development	93 129
Labour	10 219
Land Affairs	4 983
Minerals & Energy	565
National Treasury	1 059

4 Note that Table 2 does not give the exact budget to be devolved, only the current baseline for 2006/07. DPW has received additional funding for maintenance (R 200 million) and property rates (R 5 million). The final accommodation charge for 2006/07 will be based on this revised budget and will be issued by DPW in January. DPW has also issued list of properties per user department. The finalized lists will also be used to calculate the accommodation charge per accommodation type. The budgets to be devolved per user department will however remain the same as provided in Annexure A-E.

Public Service & Administration	55
Public Works	17 220
SA National Defence Force	456 657
SA Police Service	332 002
Social Development	98
Sport & Recreation SA	2
Statistics SA	254
Trade & Industry	7
Water Affairs & Forestry	24 163
TOTAL	1 246 156

Table 3: Summary of 2006/07 budget to be devolved and allocated to user departments for paying accommodation charges to DPW

Description	2006/07 DPW Baseline Budget Amount ('000 Rand)
Maintenance	⁵861 086
Property Rates on State Property	385 070
Total Budget to be devolved	1 246 156

- 4.9 Over time, the accommodation charges must increase until they reach the level at which the property portfolio will be self-sustaining (i.e. the accommodation charges will cover the full costs of ongoing maintenance, property rates, and major refurbishment or replacement over the life-cycle). If the accommodation charge (rand/annum) at which a type of facility becomes self-sustaining is R_{ss} , then:

$$R_{ss} = R_c + MR + M_{av} + O$$

where:

R_c = the average replacement cost of the type of facility, spread over the asset life-cycle

MR = average property rates per annum

M_{av} = maintenance and refurbishment costs per annum, averaged over the asset life-cycle

O = DPW overheads for managing the asset.

- 4.10 In the interests of simplicity, initially a single average replacement cost per m^2 (R_c) (in current rand) has been calculated per type of facility, based on available average national construction cost data. R_c per department per type of facility was then calculated by multiplying the replacement cost per m^2 by the number of square metres of that type of facility which the department occupies (based on utilization information available from the Department's immovable asset register (PMIS – Property Management Information System)).

⁵ The total DPW maintenance budget is R951.6m. R 80m of this has been excluded for the maintenance of Prestige Properties, to which the accommodation charge model was not applied.

- 4.11 On the basis of the above formula, based on a 30 year life-cycle the accommodation charges (rand/annum) at which these types of facilities become self-sustaining (R_{ss} in 2006/07 Rand) are provided in Table 4 (**see Annexure J for calculations**). An indication of current average national market-related rentals is also provided in Table 4. The difference between R_{ss} and the market-related rental is explained by the fact that the market-related rental includes return on capital whereas R_{ss} does not. (The private sector would typically mark rate up by 100% for return on capital.) Therefore, the comparison between R_{ss} and market-related rentals provides an indication that the methodology used to calculate R_{ss} is realistic and in line with market practice.

The R_{ss} accommodation charges in Table 4 are as much as five times higher than the accommodation charges to be charged in 2006/07 as illustrated in Table 1. This is because the 2006/07 accommodation charges are based on the current budgets available for maintenance, which are approximately a third of that required for ongoing maintenance per annum.

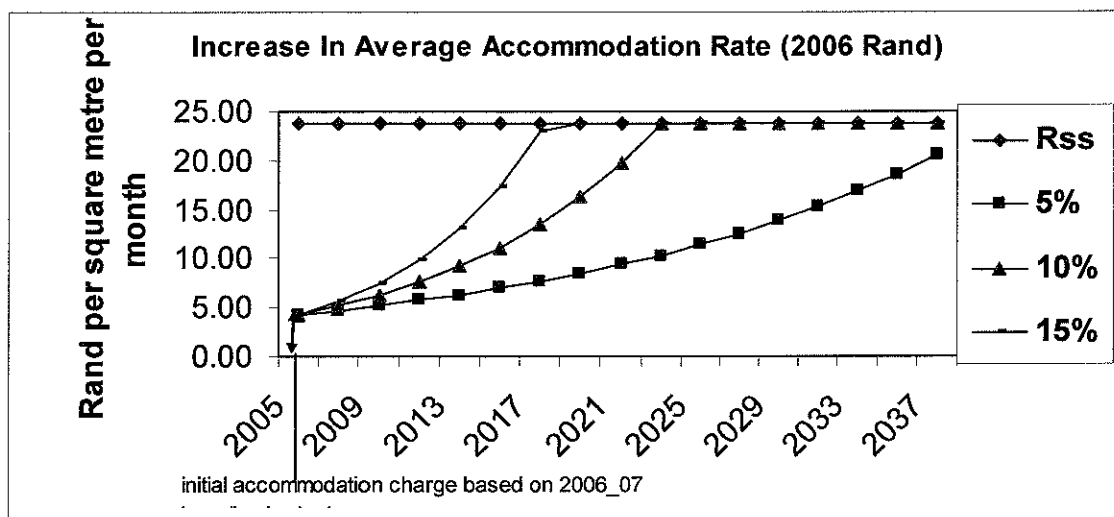
Table 4 Self-sustaining accommodation charges per type of facility (2006/07 Rand)

Facility Type	R_{ss} (R/m ² per month) 2006/07 Rands	Market-related rentals (R/m ² per month)
Ablution Facilities	R 26	
Court Buildings	R 29	
Halls & Lecture Facilities	R 18	
Medical Facilities & Mortuaries	R 27	
Mess Facilities & Restaurants	R 21	R 55 – R 75
Miscellaneous Structures	R 13	
Museums & Libraries	R 29	
Offices⁶	R 26	R 40 – R 45
Police Stations	R 26	
Prisons	R 31	
Residential Accommodation	R 18	R 30 – R 40
Shops	R 18	R 55 – R 175
Under Cover Parking	R 8	R 10 – R 20
Warehouses & Hangers	R 13	R 9 – R 18

- 4.12 Figure 1 below illustrates different scenarios for increasing accommodation charges from the initial charge (based on DPW's baseline for 2006/07) to R_{ss} over time. The rate of increase of the accommodation charge must be determined through the budgeting process. Three scenarios are given in Figure 1 – with real increases in charges of 5%, 10% and 15% per annum. The higher the real rate of increase in charges, the sooner the portfolio will become self-sustaining. The accommodation charges shown in Figure 1 are average accommodation rates for the whole portfolio for which charges will be applied (see Annexure K for the calculations).

6 Refers to C grade accommodation (i.e. lower than average).

Figure 1: Model for achieving self-sustainability of the existing portfolio over time



- 4.13 This model only makes provision for ongoing maintenance requirements - it does not take into account the inherited backlogs in maintenance and associated rehabilitation requirements, nor does it take account possible savings from more efficient use of available accommodation space. It has been agreed that the DPW budget will include a capital amount to contribute to rehabilitation and investment in new or replacement accommodation, and that the proceeds of property disposals will in general be retained by DPW for further investment purposes. Improvements in the quality of government accommodation will therefore be financed over time through a) phasing in fully self-sustaining accommodation charges, b) additional capital amounts and proceeds of property disposals allocated for rehabilitation and new investment, and c) savings achieved through reprioritisation and more efficient use of available accommodation. In other words, the model is based on an assumption that the portfolio is in a good condition and needs to be maintained in a good condition.
- 4.14 The replacement cost of unimproved state-owned vacant land is assumed to be zero. Municipalities are not yet invoicing government for all state-owned properties (particularly vacant land in rural areas). Therefore charges for vacant land have not been included in this process for 2006/07. However, it is expected that municipalities will increasingly submit invoices for property rates to DPW for such properties. In addition, there are other costs associated with owning vacant land, such as fire breaks, removing alien vegetation, clearing, and fencing. DPW is currently largely not carrying out these responsibilities on state-owned vacant land. However, it is important that DPW should start to carry out these responsibilities, and it is also important that incentives be introduced for user departments to release vacant state-owned land where it is not required for service delivery. Therefore, from 2007/08 DPW will start charging departments for vacant state-owned land which is allocated to them, and Treasury will need to make funds for such charges available for the relevant departments' budgets.
- 4.15 Initially, the management of the accommodation charges system will be centralized at DPW head office.

- 4.16 Initially, in the interests of simplicity, DPW will not devolve its budgets for its direct and indirect overhead costs. The separation of the overhead costs for the prestige portfolio from the rest of the portfolio is a complex exercise. However, when the accommodation charges system is bedded down, DPW will devolve these overhead costs to become part of the accommodation charge, and a substantial portion of DPW's overhead expenditure will then be funded from the trading account.

5. Trading Entity

- 5.1 DPW will apply to National Treasury for the establishment of a trading entity.
- 5.2 Due to the complexity of separating DPW's costs associated with the prestige portfolio from its costs associated with the remainder of the portfolio, and due to the complexity of dividing DPW's corporate costs between different functions, it is proposed that initially DPW's overhead costs should be budgeted for separately. Once the accommodation charges payment system is established, DPW will start to fund the relevant parts of its overhead costs from the trading account.
- 5.3 The Department will maintain two sets of books – one for itself and one for the trading entity.
- 5.4 The trading entity will receive accommodation charges and any other transfers from Departments or Treasury (e.g. special allocations to address maintenance backlogs and capital allocations). An annual budget will be drawn up for the trading entity.
- 5.5 It is important that incentives be put in place for both user departments and DPW to dispose of properties which are no longer required for service delivery or prestige purposes. Revenues from the disposal of state-owned properties should therefore also be paid into the trading entity, and should not be offset against accommodation budget allocations. These revenues from disposals should be used to augment allocations for addressing the maintenance backlogs of the relevant user-department. For example, if a Defence property is disposed of, the revenues would be used for addressing maintenance backlogs on properties utilised by Defence. However, it must be noted that the envisaged revenues from disposals are small compared to the size of the maintenance backlog.
- 5.6 A separate detailed plan for the trading entity is being developed for submission to Treasury.

6. Proposals for Introducing Optionality

- 6.1 There have been indications from some departments that they are dissatisfied with the level of service provided by DPW, and that they may prefer to manage their immovable assets themselves. It is therefore proposed that, over time, it become optional for user departments to use some of the services currently provided by DPW, on condition that departments accept the responsibilities which accompany exercising this optionality.
- 6.2 It is proposed that DPW must remain the full custodian for all state-owned and leased office accommodation for national government. This is important for a

number of reasons - including for the success of the Tshwane Inner City Programme; because the management of leases is a high-risk area; and to ensure that state-owned office accommodation assets are optimally utilised.

- 6.3 It is proposed that DPW should delegate or assign some custodian functions (excluding powers of decision-making over disposal) for functional accommodation (e.g. police stations, courts, military facilities, prisons) to departments that wish to exercise optionality over time.

Optionality over functional accommodation needs to be introduced in a responsible fashion. It is therefore proposed that DPW pilot optionality for functional accommodation with SAPS in the 2006/2007 financial year, provided that the department can meet certain minimum criteria as determined by DPW and National Treasury (Annexure L). On the basis of this experience, DPW and National Treasury will revise the schedule of requirements for departments to meet in order to take up optionality for functional accommodation in future years and departments should satisfy DPW and National Treasury that they have met the necessary requirements in order to take up optionality.

- 6.4 Where a department decides to exercise optionality, DPW will delegate or assign some custodial powers to the department, so that it becomes responsible for managing the asset through its life-cycle. The department will not pay accommodation charges to DPW for its functional accommodation. However, it will still pay accommodation charges to DPW for its other accommodation such as offices and residential. The accounting officer of a department which exercises optionality will become the 'owner' of the asset, and will be accountable for the responsibilities associated with ownership, including maintaining an asset register and compliance with the Building Regulations and the Occupational Health and Safety Act.
- 6.5 Where a department decides to exercise optionality, negotiations must take place between DPW and the department regarding the possible transfer of DPW staff (and their associated budgets) to the department, to avoid the possibility of redundant staff in DPW. However, DPW does not have sufficient skilled staff and will be able to redeploy certain skilled staff internally, such as project managers.
- 6.6 Most of DPW's maintenance, cleaning, gardening and security workforce (approximately 2 700 people) are employed on the prestige portfolio. Generally, DPW uses private contractors to carry out maintenance work on the remainder of the portfolio. However, DPW provides a cleaning service to the Department of Justice, utilising internal staff (approximately 1 000 cleaning and gardening staff). It is proposed that optionality be introduced for this cleaning service, from 1 April 2006. If the Department of Justice opts to take over this function, it must take DPW's cleaning staff with the function and the budget associated with the function. If the Department of Justice opts to retain the services of DPW in this regard, DPW will devolve the budget to the Department of Justice and charge the Department of Justice for the service (separately to the accommodation charge). DPW's cleaning staff at the courts will then be paid from the trading entity.

Annexures

Annexure A: Total funds to be devolved per vote (R thousands) (including recent MTEC additional allocations above DPW current MTEF baseline)								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1	Presidency	-	-	-	-	-	-	-
2	Parliament	-	-	-	-	-	-	-
3	Foreign Affairs	31 413	35 089	40 160	43 364	47 565	51 912	55 822
4	Home Affairs	62 994	70 260	80 210	86 613	95 144	103 805	111 591
5	Provincial & Local Government	13 197	14 980	17 153	18 566	19 886	21 493	23 173
6	Public Works	163 551	179 481	205 250	221 601	247 360	269 455	288 746
6a	Prestige accommodation	73 478	76 670	91 711	102 688	124 577	143 236	153 168
7	Government Communications (GCIS)	6 485	7 369	8 449	9 146	9 784	10 575	11 404
8	National Treasury	16 121	17 858	20 057	21 672	23 934	26 009	27 919
9	Public Enterprises	231	244	3 014	3 255	3 701	4 105	4 488
10	Public Service & Administration	838	942	1 075	1 162	1 262	1 370	1 475
11	Public Service Commission	4 533	5 127	5 848	6 329	6 806	7 358	7 928
12	SA Management Development Institute	-	-	-	-	350	375	400
13	Statistics SA	17 070	19 331	22 117	23 933	25 716	27 824	29 987
14	Arts & Culture	21 774	23 940	27 538	29 646	33 344	36 829	39 508
15	Education	12 031	13 572	15 458	16 726	18 050	19 530	21 034
16	Health	23 108	25 928	29 736	32 124	35 026	38 164	41 070
17	Labour	53 548	59 546	68 182	73 567	81 250	88 940	95 571
18	Social Development	5 741	6 521	7 488	8 103	8 678	9 389	10 125
19	Sport & Recreation SA	803	909	1 039	1 124	1 208	1 306	1 407
20	Correctional Services	436 978	462 604	527 255	564 667	670 224	753 146	803 254
21	SA National Defence Force	637 110	678 702	790 531	845 696	999 401	1 129 508	1 206 497
22	Independent Complaints Directorate	3 817	4 289	4 871	5 269	5 714	6 189	6 661
23	Justice and Constitutional Development	200 953	218 237	251 630	270 297	309 782	344 941	369 373

Annexure A: Total funds to be devolved per vote (R thousands) (including recent MTEC additional allocations above DPW current MTEF baseline)								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
24	SA Police Service	731 890	796 839	920 162	988 666	1 129 358	1 256 626	1 346 185
25	Agriculture	21 407	22 821	26 979	28 824	34 140	38 807	41 473
26	Communications	10 761	12 206	13 994	15 145	16 243	17 574	18 947
27	Environmental Affairs & Tourism	21 213	23 759	27 356	29 532	32 325	35 329	38 011
28	Housing	4 965	5 574	6 320	6 837	7 420	8 033	8 644
29	Land Affairs	21 801	24 221	27 832	30 015	33 228	36 455	39 170
30	Minerals & Energy	13 808	15 560	17 760	19 209	20 778	22 522	24 252
31	Science & Technology	1 794	2 034	2 327	2 519	2 701	2 919	3 146
32	Trade & Industry	9 494	10 784	4 746	5 136	5 548	6 000	6 460
33	Transport	8 159	9 213	10 489	11 351	12 230	13 223	14 242
34	Water Affairs & Forestry	62 780	69 375	80 731	86 876	97 303	107 742	115 701
TOTAL		2 693 848	2 913 986	3 357 468	3 609 655	4 160 036	4 640 689	4 966 832

Annexure B: Maintenance funds to be devolved								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1	Presidency	-	-	-	-	-	-	-
2	Parliament	-	-	-	-	-	-	-
3	Foreign Affairs	2 127	2 186	2 712	3 073	3 826	4 475	4 786
4	Home Affairs	4 051	4 164	5 165	5 854	7 288	8 524	9 117
5	Provincial & Local Government	-	-	-	-	-	-	-
6	Public Works	8 020	8 245	10 226	11 591	14 430	16 877	18 051
6a	Prestige accommodation	53 267	54 763	67 923	76 985	95 847	112 100	119 892
7	Government Communications (GCIS)	3	3	4	4	5	6	6
8	National Treasury	493	507	629	713	887	1 038	1 110
9	Public Enterprises	-	-	-	-	-	-	-
10	Public Service & Administration	25	26	32	37	46	54	57
11	Public Service Commission	-	-	-	-	-	-	-
12	SA Management Development Institute	-	-	-	-	-	-	-
13	Statistics SA	118	122	151	171	213	249	266
14	Arts & Culture	3 381	3 476	4 311	4 887	6 084	7 115	7 610
15	Education	70	72	90	102	127	148	159
16	Health	1 312	1 349	1 673	1 897	2 361	2 762	2 954
17	Labour	4 759	4 893	6 069	6 879	8 564	10 016	10 712
18	Social Development	46	47	58	66	82	96	103
19	Sport & Recreation SA	1	1	1	1	2	2	2
20	Correctional Services	121 268	124 673	154 634	175 264	218 204	255 206	272 946
21	SA National Defence Force	212 675	218 646	271 189	307 369	382 677	447 569	478 680
22	Independent Complaints Directorate	45	46	57	65	81	95	101
23	Justice and Constitutional Development	43 372	44 590	55 305	62 684	78 042	91 276	97 620

Annexure B: Maintenance funds to be devolved								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
24	SA Police Service	154 620	158 962	197 162	223 466	278 216	325 395	348 013
25	Agriculture	8 309	8 542	10 595	12 008	14 950	17 485	18 701
26	Communications	85	87	108	122	152	178	190
27	Environmental Affairs & Tourism	1 698	1 745	2 165	2 454	3 055	3 573	3 821
28	Housing	43	44	55	62	78	91	97
29	Land Affairs	2 321	2 386	2 959	3 354	4 176	4 884	5 223
30	Minerals & Energy	263	270	335	380	473	554	592
31	Science & Technology	-	-	-	-	-	-	-
32	Trade & Industry	3	3	4	4	5	6	7
33	Transport	-	-	-	-	-	-	-
34	Water Affairs & Forestry	11 253	11 569	14 349	16 264	20 248	23 682	25 328
TOTAL		633 629	651 419	807 962	915 754	1 140 119	1 333 456	1 426 146

Annexure C: Property Rates budgets to be devolved								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1	Presidency	-	-	-	-	-	-	-
2	Parliament	-	-	-	-	-	-	-
3	Foreign Affairs	940	1 031	1 334	1 214	1 429	1 684	1 794
4	Home Affairs	1 790	1 965	2 542	2 312	2 722	3 208	3 417
5	Provincial & Local Government	-	-	-	-	-	-	-
6	Public Works	3 544	3 890	5 032	4 578	5 390	6 352	6 766
6a	Prestige accommodation	-	-	-	-	-	-	-
7	Government Communications (GCIS)	1	1	2	2	2	2	2
8	National Treasury	218	239	309	282	331	391	416
9	Public Enterprises	-	-	-	-	-	-	-
10	Public Service & Administration	11	12	16	15	17	20	21
11	Public Service Commission	-	-	-	-	-	-	-
12	SA Management Development Institute	-	-	-	-	-	-	-
13	Statistics SA	52	57	74	67	79	94	100
14	Arts & Culture	1 494	1 640	2 121	1 930	2 272	2 678	2 853
15	Education	31	34	44	40	47	56	59
16	Health	580	636	823	749	882	1 039	1 107
17	Labour	2 103	2 308	2 986	2 717	3 199	3 770	4 015
18	Social Development	20	22	29	26	31	36	39
19	Sport & Recreation SA	0	0	1	0	1	1	1
20	Correctional Services	53 595	58 816	76 089	69 228	81 506	96 054	102 311
21	SA National Defence Force	93 993	103 149	133 441	121 410	142 942	168 455	179 429
22	Independent Complaints Directorate	20	22	28	26	30	36	38
23	Justice and Constitutional Development	19 168	21 036	27 213	24 760	29 151	34 354	36 592

Annexure C: Property Rates budgets to be devolved								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
24	SA Police Service	68 335	74 992	97 015	88 268	103 923	122 471	130 449
25	Agriculture	3 672	4 030	5 213	4 743	5 584	6 581	7 010
26	Communications	37	41	53	48	57	67	71
27	Environmental Affairs & Tourism	750	823	1 065	969	1 141	1 345	1 432
28	Housing	19	21	27	25	29	34	36
29	Land Affairs	1 026	1 126	1 456	1 325	1 560	1 838	1 958
30	Minerals & Energy	116	128	165	150	177	208	222
31	Science & Technology	-	-	-	-	-	-	-
32	Trade & Industry	1	1	2	2	2	2	3
33	Transport	-	-	-	-	-	-	-
34	Water Affairs & Forestry	4 973	5 458	7 061	6 424	7 563	8 913	9 494
TOTAL		256 493	281 480	364 141	331 311	390 070	459 691	489 637

Annexure D: Municipal Services funds to be devolved								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1	Presidency	-	-	-	-	-	-	-
2	Parliament	-	-	-	-	-	-	-
3	Foreign Affairs	5 739	6 054	6 355	6 859	8 036	8 721	9 270
4	Home Affairs	13 055	13 772	14 458	15 604	18 282	19 840	21 089
5	Provincial & Local Government	1 050	1 108	1 163	1 255	1 471	1 595	1 696
6	Public Works	71 455	75 380	79 133	85 406	100 063	108 596	115 433
6a	Prestige accommodation	13 482	14 223	14 931	16 115	18 830	20 435	21 720
7	Government Communications (GCIS)	414	437	459	495	580	630	669
8	National Treasury	5 577	5 884	6 177	6 666	7 810	8 476	9 010
9	Public Enterprises	231	244	256	276	323	351	373
10	Public Service & Administration	134	141	148	160	188	204	217
11	Public Service Commission	573	604	634	685	802	871	925
12	SA Management Development Institute	-	-	-	-	50	55	60
13	Statistics SA	1 689	1 782	1 871	2 019	2 365	2 567	2 729
14	Arts & Culture	5 457	5 757	6 044	6 523	7 642	8 293	8 815
15	Education	1 813	1 913	2 008	2 167	2 539	2 756	2 929
16	Health	3 290	3 470	3 643	3 932	4 607	5 000	5 314
17	Labour	11 133	11 744	12 329	13 307	15 590	16 919	17 985
18	Social Development	335	353	371	400	469	509	541
19	Sport & Recreation SA	88	92	97	105	123	133	142
20	Correctional Services	232 148	244 893	257 089	277 471	325 085	352 802	375 016
21	SA National Defence Force	234 894	247 791	260 131	280 754	328 933	356 977	379 454
22	Independent Complaints Directorate	731	771	809	874	1 024	1 111	1 181
23	Justice and Constitutional Development	62 625	66 064	69 354	74 852	87 697	95 174	101 166

Annexure D: Municipal Services funds to be devolved								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
24	SA Police Service	210 295	221 842	232 890	251 353	294 486	319 594	339 717
25	Agriculture	5 923	6 249	6 560	7 080	8 295	9 002	9 569
26	Communications	810	854	896	968	1 134	1 230	1 308
27	Environmental Affairs & Tourism	2 749	2 900	3 044	3 285	3 849	4 177	4 440
28	Housing	1 027	1 083	1 137	1 227	1 438	1 561	1 659
29	Land Affairs	4 187	4 417	4 637	5 004	5 863	6 363	6 764
30	Minerals & Energy	1 996	2 105	2 210	2 385	2 794	3 033	3 224
31	Science & Technology	167	176	185	200	234	254	270
32	Trade & Industry	649	684	718	775	908	986	1 048
33	Transport	1 205	1 271	1 334	1 440	1 687	1 831	1 946
34	Water Affairs & Forestry	9 369	9 883	10 375	11 198	13 120	14 238	15 135
	TOTAL	904 290	953 941	1 001 447	1 080 841	1 266 316	1 374 282	1 460 814

Annexure E: Funds for leases of non-state-owned properties								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1	Presidency	-	-	-	-	-	-	-
2	Parliament	-	-	-	-	-	-	-
3	Foreign Affairs	22 608	25 818	29 758	32 218	34 273	37 031	39 971
4	Home Affairs	44 098	50 359	58 046	62 842	66 852	72 232	77 967
5	Provincial & Local Government	12 147	13 872	15 990	17 311	18 415	19 897	21 477
6	Public Works	80 532	91 966	110 859	120 026	127 476	137 629	148 496
6a	Prestige accommodation	6 729	7 684	8 857	9 589	9 900	10 701	11 556
7	Government Communications (GCIS)	6 066	6 928	7 985	8 645	9 197	9 937	10 726
8	National Treasury	9 832	11 228	12 942	14 011	14 905	16 105	17 384
9	Public Enterprises	-	-	2 758	2 979	3 378	3 755	4 114
10	Public Service & Administration	667	762	878	951	1 011	1 093	1 179
11	Public Service Commission	3 960	4 523	5 213	5 644	6 004	6 487	7 002
12	SA Management Development Institute	-	-	-	-	300	320	340
13	Statistics SA	15 210	17 370	20 021	21 676	23 059	24 914	26 893
14	Arts & Culture	11 442	13 067	15 061	16 306	17 346	18 742	20 230
15	Education	10 117	11 553	13 316	14 417	15 337	16 571	17 886
16	Health	17 926	20 472	23 596	25 546	27 176	29 363	31 694
17	Labour	35 553	40 601	46 798	50 665	53 897	58 235	62 858
18	Social Development	5 341	6 099	7 030	7 611	8 096	8 748	9 442
19	Sport & Recreation SA	714	816	940	1 018	1 083	1 170	1 263
20	Correctional Services	29 966	34 221	39 444	42 704	45 428	49 084	52 982
21	SA National Defence Force	95 548	109 115	125 769	136 162	144 850	156 507	168 933
22	Independent Complaints Directorate	3 021	3 450	3 976	4 305	4 580	4 948	5 341
23	Justice and Constitutional Development	75 787	86 548	99 758	108 001	114 892	124 138	133 994

Annexure E: Funds for leases of non-state-owned properties								
Vote No.	Vote Name	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
24	SA Police Service	298 639	341 043	393 096	425 579	452 733	489 166	528 005
25	Agriculture	3 503	4 001	4 611	4 992	5 311	5 738	6 194
26	Communications	9 829	11 224	12 937	14 006	14 900	16 099	17 377
27	Environmental Affairs & Tourism	16 016	18 291	21 082	22 824	24 281	26 234	28 318
28	Housing	3 875	4 426	5 101	5 523	5 875	6 348	6 852
29	Land Affairs	14 267	16 293	18 780	20 332	21 629	23 370	25 225
30	Minerals & Energy	11 433	13 057	15 050	16 293	17 333	18 728	20 215
31	Science & Technology	1 627	1 858	2 142	2 319	2 467	2 665	2 877
32	Trade & Industry	8 840	10 096	4 022	4 355	4 633	5 006	5 403
33	Transport	6 955	7 942	9 154	9 911	10 543	11 392	12 296
34	Water Affairs & Forestry	37 185	42 465	48 946	52 991	56 372	60 908	65 744
TOTAL		899 435	1 027 146	1 183 917	1 281 749	1 363 531	1 473 259	1 590 235

Annexure F: Provincial governments: Apportionment of budget for payment of property rates based on actual expenditure in 2004/2005 financial year					
		TOTAL MTEF ALLOCATION FOR PROPERTY RATES 2005/2006		TOTAL MTEF ALLOCATION FOR PROPERTY RATES 2006/2007	
		R	946 602 000	R	1 100 201 000
		PROVINCIAL APPORTIONMENT OF TOTAL 2005/2006 MTEF ALLOCATION FOR PROPERTY RATES		PROVINCIAL APPORTIONMENT OF TOTAL 2006/2007 MTEF ALLOCATION FOR PROPERTY RATES	
		(62% of R946 602 000)		(62% of R1 100 201 000)	
		R	586 893 240	R	682 124 620
	BASED ON ACTUAL EXPENDITURE 2004/2005, PROVINCIAL EXPENDITURE EXPRESSED AS PERCENTAGE OF TOTAL EXPENDITURE = 62%				
PROVINCE	ACTUAL RATES PAID ON PROV. PROPERTIES 2004/2005	% OF TOTAL PROV. RATES PAYMENT 2004/2005		PROPOSED APPORTIONMENT OF PROV PROPERTY RATES 2005/2006	PROPOSED APPORTIONMENT OF PROV PROPERTY RATES 2006/2007
EASTERN CAPE	R 49 259 502	9%	R	51 331 532	R 59 660 768
FREE STATE	R 60 375 740	11%	R	62 915 358	R 73 124 228
GAUTENG	R 111 722 398	20%	R	116 421 839	R 135 312 859
KWAZULU NATAL	R 175 619 303	31%	R	183 006 474	R 212 701 754
LIMPOPO	R 5 686 879	1%	R	5 926 089	R 6 887 678
MPUMALANGA	R 19 687 972	3%	R	20 516 118	R 23 845 136
NORTH WEST	R 29 803 304	5%	R	31 056 936	R 36 096 345
NORTHERN CAPE	R 18 018 930	3%	R	18 776 870	R 21 823 671
WESTERN CAPE	R 93 028 898	17%	R	96 942 023	R 112 672 180
TOTAL	R 563 202 925	100%	R	586 893 240	R 682 124 620

Annexure G: Scenarios of accommodation charges in relation to Rss based on a 0%, 5%, 10% and 15% increase in accommodation charges

Facility Type	A	B				C			
		2006/07 Rental per m ² per month @ baseline	2006/07 Rental per m ² per month @ 5% increase	2006/07 Rental per m ² per month @ 10% increase	2006/07 Rental per m ² per month @ 15% increase	Baseline	B _{2006/07} /R _t + 5%	B _{2006/07} /R _t + 10%	B _{2006/07} /R _t + 15%
Ablution Facilities	Rss per m ² per month	26.19	4.74	4.98	5.21	5.45	18.09%	19.00%	20.81%
Court Buildings		28.81	5.21	5.47	5.73	6.00	18.09%	19.00%	20.81%
Halls & Lecture Facilities		18.34	3.32	3.48	3.65	3.82	18.09%	19.00%	20.81%
Medical Facilities & Mortuaries		27.24	4.93	5.18	5.42	5.67	18.09%	19.00%	20.81%
Mess Facilities & Restaurants		20.96	3.79	3.98	4.17	4.36	18.09%	19.00%	20.81%
Miscellaneous Structures		13.10	2.37	2.49	2.61	2.73	18.09%	19.00%	20.81%
Museums & Libraries		28.81	5.21	5.47	5.73	6.00	18.09%	19.00%	20.81%
Offices		26.19	4.74	4.98	5.21	5.45	18.09%	19.00%	20.81%
Police Stations		26.19	4.74	4.98	5.21	5.45	18.09%	19.00%	20.81%
Prisons		31.43	5.69	5.97	6.26	6.54	18.09%	19.00%	20.81%
Residential Accommodation		18.34	3.32	3.48	3.65	3.82	18.09%	19.00%	20.81%
Shops		18.34	3.32	3.48	3.65	3.82	18.09%	19.00%	20.81%
Under Cover Parking		7.86	1.42	1.49	1.56	1.64	18.09%	19.00%	20.81%
Warehouses & Hangers		13.10	2.37	2.49	2.61	2.73	18.09%	19.00%	20.81%

B = A * C

See Annexure D for calculation of Rss

B_{2006/07} = Baseline Budget to be devolved

R_t = Total accommodation charge amount at sustainability

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
AGRICULTURE	Ablution Facilities	2 510	142 731
	Halls & Lecture Facilities	10 529	419 175
	Medical Facilities & Mortuaries	804	32 008
	Mess Facilities & Restaurants	4 367	258 292
	Miscellaneous Structures	125 524	5 700 699
	Museums & Libraries	1 950	55 394
	Offices	94 530	5 917 972
	Residential Accommodation	59 907	3 403 565
	Shops	305	12 141
	Under Cover Parking	11 429	454 939
AGRICULTURE Total	Warehouses & Hangers	40 053	1 594 370
			17 991 285
ARTS AND CULTURE	Ablution Facilities	846	48 131
	Miscellaneous Structures	29 617	1 345 064
	Halls & Lecture Facilities	740	46 309
	Museums & Libraries	91 093	2 587 699
	Mess Facilities & Restaurants	1 195	47 591
	Offices	64 822	1 841 393
	Residential Accommodation	3 338	189 621
	Shops	675	26 845
	Under Cover Parking	1392	55 402
	Warehouses & Hangers	28 469	1 133 232
ARTS AND CULTURE Total			7 321 287
COMMUNICATIONS	Residential Accommodation	3 226	183 270
COMMUNICATIONS Total			183 270
CORRECTIONAL SERVICES	Ablution Facilities	44 360	2 522 910

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
	Court Buildings	1 606	91 339
	Halls & Lecture Facilities	77 473	4 846 751
	Medical Facilities & Mortuaries	46 959	1 869 519
	Mess Facilities & Restaurants	131 937	5 252 606
	Miscellaneous Structures	607 495	27 589 542
	Museums & Libraries	15 738	447 072
	Offices	606 208	17 220 644
	Police Stations	244	13 863
	Prisons	1 823 294	103 589 121
	Residential Accommodation	1 472 510	83 659 571
	Shops	11 832	470 997
	Under Cover Parking	74 103	2 949 747
	Warehouses & Hangers	303 111	12 065 690
			262 589 372
CORRECTIONAL SERVICES Total			
EDUCATION	Residential Accommodation	2 685	152 546
EDUCATION Total			
ENVIRONMENTAL AFFAIRS & TOURISM	Ablution Facilities	595	152 546
	Miscellaneous Structures	40 739	33 830
	Offices	13 469	1 850 183
	Residential Accommodation	12 881	843 224
	Shops	177	731 800
	Under Cover Parking	1 459	7 050
	Warehouses & Hangers	3 815	58 066
ENVIRONMENTAL AFFAIRS & TOURISM Total			151 855
FOREIGN AFFAIRS			3 676 009
	Ablution Facilities	81	4 607
	Mess Facilities & Restaurants	181	10 706

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
	Miscellaneous Structures	1 518	68 933
	Offices	16 794	477 070
	Residential Accommodation	69 065	3 923 895
	Under Cover Parking	1 385	55 132
	Warehouses & Hangers	1 615	64 287
FOREIGN AFFAIRS Total			
GOVERNMENT COMMUNICATIONS			
	Ablution Facilities	15	858
	Miscellaneous Structures	10	434
	Offices	114	3 251
	Under Cover Parking	38	1 501
GOVERNMENT COMMUNICATIONS Total			
HEALTH			
	Court Buildings	243	15 171
	Medical Facilities & Mortuaries	2 031	80 857
	Mess Facilities & Restaurants	297	17 567
	Miscellaneous Structures	873	39 648
	Offices	23 198	1 452 319
	Residential Accommodation	19 315	1 097 376
	Under Cover Parking	2 966	118 058
	Warehouses & Hangers	514	20 460
			2 841 457
HEALTH Total			
HOME AFFAIRS			
	Ablution Facilities	1 818	103 411
	Court Buildings	490	27 863
	Halls & Lecture Facilities	297	18 554
	Mess Facilities & Restaurants	140	8 269
	Miscellaneous Structures	9 539	433 200
	Offices	163 277	4 638 237

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
HOME AFFAIRS Total	Police Stations	1 820	103 395
	Residential Accommodation	32 054	1 821 119
	Under Cover Parking	18 909	752 679
	Warehouses & Hangers	21 713	864 324
			8 771 051
HOUSING	Residential Accommodation	1 647	93 573
HOUSING Total			93 573
INDEPENDENT COMPLAINTS DIRECTORATE	Offices	3 039	86 336
	Residential Accommodation	192	10 908
			97 244
INDEPENDENT COMPLAINTS DIRECTORATE Total			838 092
JUSTICE AND CONSTITUTIONAL DEVELOPMENT	Ablution Facilities	14 736	44 994 012
	Court Buildings	719 204	339 990
	Halls & Lecture Facilities	8 540	79 901
	Mess Facilities & Restaurants	1 351	1 679 187
	Miscellaneous Structures	36 974	31 830
	Museums & Libraries	1 121	9 667 668
	Offices	340 325	3 644 945
	Police Stations	64 155	29 124 013
	Residential Accommodation	512 618	2 393 235
	Under Cover Parking	60 122	1 123 213
	Warehouses & Hangers	28 217	93 916 087
			163 831
			2 182 372
JUSTICE AND CONSTITUTIONAL DEVELOPMENT Total			138 942
LABOUR	Ablution Facilities	2 881	253 762
	Court Buildings	34 884	479 686
	Halls & Lecture Facilities	3 490	
	Mess Facilities & Restaurants	4 290	
			10 562

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
	Museums & Libraries	438	12 442
	Offices	86 773	2 464 986
	Police Stations	32	1 840
	Residential Accommodation	26 930	1 530 007
	Shops	638	25 396
	Under Cover Parking	9 408	374 484
	Warehouses & Hangers	67 277	2 678 047
			10 305 795
LABOUR Total			
LAND AFFAIRS	Miscellaneous Structures	10 621	482 363
	Offices	57 253	3 584 282
	Residential Accommodation	12 187	692 381
	Shops	559	22 252
	Under Cover Parking	334	13 289
	Warehouses & Hangers	5 788	230 412
LAND AFFAIRS Total			5 024 979
MINERALS & ENERGY	Offices	4 125	258 243
	Residential Accommodation	5 186	294 639
	Under Cover Parking	352	14 012
	Warehouses & Hangers	67	2 667
MINERALS & ENERGY Total			569 560
NATIONAL TREASURY	Ablution Facilities	66	3 754
	Miscellaneous Structures	1 537	69 803
	Offices	15 204	951 835
	Under Cover Parking	1 056	42 035
NATIONAL TREASURY Total	Warehouses & Hangers	14	557
			1 067 985
PUBLIC SERVICE & ADMINISTRATION	Offices	620	38 815

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
PUBLIC SERVICE & ADMINISTRATION Total	Residential Accommodation	288	16 363
			55 177
PUBLIC WORKS	Ablution Facilities	3 428	194 954
	Halls & Lecture Facilities	2 192	87 248
	Mess Facilities & Restaurants	1 560	70 853
	Miscellaneous Structures	48 471	1 869 619
	Museums & Libraries	750	21 305
	Offices	129 234	7 204 607
	Police Stations	738	41 952
	Residential Accommodation	160 719	6 421 195
	Shops	446	17 754
	Under Cover Parking	13 323	530 345
PUBLIC WORKS Total	Warehouses & Hangers	53 263	905 904
		0	17 365 737
S A NATIONAL DEFENCE FORCE	Ablution Facilities	136 452	7 760 492
	Court Buildings	833	52 122
	Halls & Lecture Facilities	243 003	9 674 300
	Medical Facilities & Mortuaries	87 213	3 472 065
	Mess Facilities & Restaurants	271 621	16 065 965
	Miscellaneous Structures	992 621	45 080 129
	Museums & Libraries	30 963	879 566
	Offices	2 066 612	129 378 752
	Police Stations	4 377	248 676
	Prisons	6 120	347 694
	Residential Accommodation	2 630 873	149 471 170
	Shops	24 476	974 291
	Under Cover Parking	270 689	10 775 093

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
S A NATIONAL DEFENCE FORCE Total	Warehouses & Hangers	2 168 935	86 337 042
			460 517 357
SOCIAL DEVELOPMENT	Residential Accommodation	1 741	98 934
SOCIAL DEVELOPMENT Total			98 934
SOUTH AFRICAN POLICE SERVICE	Abution Facilities	47 200	2 684 450
	Court Buildings	4 040	252 761
	Halls & Lecture Facilities	86 791	3 455 281
	Medical Facilities & Mortuaries	52 766	2 100 690
	Mess Facilities & Restaurants	135 764	6 165 734
	Miscellaneous Structures	368 536	16 737 141
	Museums & Libraries	2 504	71 118
	Offices	1 324 697	82 931 694
	Police Stations	851 880	48 398 967
	Residential Accommodation	2 490 199	141 478 871
	Shops	778	30 957
	Under Cover Parking	388 759	15 474 998
	Warehouses & Hangers	377 470	15 025 658
		0	334 808 318
SOUTH AFRICAN POLICE SERVICE Total			
SPORT & RECREATION SOUTH AFRICA	Offices	30	1 881
SPORT & RECREATION SOUTH AFRICA Total		0	1 881
STATISTICS SOUTH AFRICA	Offices	3 028	189 566
	Residential Accommodation	444	30 287
	Under Cover Parking	182	7 245
	Warehouses & Hangers	725	28 872
STATISTICS SOUTH AFRICA Total		0	255 969
TRADE AND INDUSTRY	Offices	22	1 232
	Under Cover Parking	119	4 718

Annexure H: Accommodation Charge Per User Department and facility type (per annum) (Preliminary figures based on existing data on DPW records - Departments have been provided with detailed lists of their properties for verification)			
User Department	Facility Type	Area (m2)	Total
TRADE AND INDUSTRY Total	Warehouses & Hangers	16	648
		0	6 598
WATER AFFAIRS AND FORESTRY	Ablution Facilities	2 355	133 956
	Halls & Lecture Facilities	7 416	295 242
	Medical Facilities & Mortuaries	40	1 592
	Mess Facilities & Restaurants	3 444	156 420
	Miscellaneous Structures	146 388	6 648 262
	Museums & Libraries	151	4 289
	Offices	41 029	2 331 023
	Residential Accommodation	183 208	12 497 223
	Shops	74	2 943
	Under Cover Parking	31 445	1 251 712
WATER AFFAIRS AND FORESTRY Total	Warehouses & Hangers	61 414	1 044 542
			24 367 205
Grand Total			1 246 086 350

Annexure I: Scenarios on budget to be devolved per user department based on a 0%, 5%, 10% and 15% increase on baseline

User Department	Baseline Budget (Rand)	5% increase on 2005 Baseline Budget (Rand)	10% increase on 2005 Baseline Budget (Rand)	15% increase on 2005 Baseline Budget (Rand)
AGRICULTURE	17 991 285	18 890 849	19 790 413	20 689 978
ARTS AND CULTURE	7 321 288	7 687 352	8 053 417	8 419 481
COMMUNICATIONS	183 270	192 433	201 597	210 760
CORRECTIONAL SERVICES	262 589 372	275 718 841	288 848 309	301 977 778
EDUCATION	152 546	160 174	167 801	175 428
ENVIRONMENTAL AFFAIRS & TOURISM	3 676 009	3 859 809	4 043 609	4 227 410
FOREIGN AFFAIRS	4 604 629	4 834 861	5 065 092	5 295 324
GOVERNMENT COMMUNICATIONS	6 044	6 346	6 648	6 951
HEALTH	2 841 457	2 983 530	3 125 602	3 267 675
HOME AFFAIRS	8 771 051	9 209 604	9 648 156	10 086 709
HOUSING	93 573	98 252	102 930	107 609
INDEPENDENT COMPLAINTS DIRECTORATE	97 244	102 107	106 969	111 831
JUSTICE AND CONSTITUTIONAL DEVELOPMENT	93 916 087	98 611 891	103 307 695	108 003 500
LABOUR	10 305 795	10 821 084	11 336 374	11 851 664
LAND AFFAIRS	5 024 979	5 276 228	5 527 477	5 778 726
MINERALS & ENERGY	569 560	598 038	626 516	654 994
NATIONAL TREASURY	1 067 985	1 121 384	1 174 783	1 228 183
PUBLIC SERVICE & ADMINISTRATION	55 177	57 936	60 695	63 454
PUBLIC WORKS	17 365 737	18 234 024	19 102 311	19 970 598
S A NATIONAL DEFENCE FORCE	460 517 357	483 543 225	506 569 093	529 594 961
SOCIAL DEVELOPMENT	98 934	103 881	108 828	113 774
SOUTH AFRICAN POLICE SERVICE	334 808 318	351 548 734	368 289 150	385 029 566
SPORT & RECREATION SOUTH AFRICA	1 881	1 975	2 069	2 163
STATISTICS SOUTH AFRICA	255 969	268 768	281 566	294 365

	Baseline Budget (Rand)	5% increase on 2005 Baseline Budget (Rand)	10% increase on 2005 Baseline Budget (Rand)	15% increase on 2005 Baseline Budget (Rand)
User Department	6 598	6 928	7 258	7 588
TRADE AND INDUSTRY	24 367 205	25 585 565	26 803 925	28 022 285
WATER AFFAIRS AND FORESTRY	1 256 689 350	1 319 523 818	1 382 358 285	1 445 192 753
Grand Total				

Annexure J: Calculation of Sustainable Accommodation Charges

	Facility Type	Estimated Building Cost (R / m ²) [A]	External Works 7% of [A] [B]	Prof Fees 14% of [A]+[B] [C]	Replacement Cost (R / m ²) [A]+[B]+[C] Excl VAT	Replacement Cost (R / m ²) [A]+[B]+[C] Incl. VAT	Replacement Cost spread over 30 years [Rc]	Maintenance & refurbishment (6,5% of Rc) [Mav]	Property Rates (2% of Rc) [Mr]	Annual Cost [Rc]+[Mav]+[Mr]	Overheads (25% of Annual Cost) [O]	Rss per m ² per annum	Rss per m ² per month
1	Ablution Facilities	R 5 000	R 350	R 749	R 6 099	R 6 953	R 232	R 15	R 5	R 251	R 63	R 314	R 26
2	Court Buildings	R 5 500	R 385	R 824	R 6 709	R 7 648	R 255	R 17	R 5	R 277	R 69	R 346	R 29
3	Halls & Lecture Facilities	R 3 500	R 245	R 524	R 4 269	R 4 867	R 162	R 11	R 3	R 176	R 44	R 220	R 18
4	Medical Facilities & Mortuaries	R 5 200	R 364	R 779	R 6 343	R 7 231	R 241	R 16	R 5	R 262	R 65	R 327	R 27
5	Mess Facilities & Restaurants	R 4 000	R 280	R 599	R 4 879	R 5 562	R 185	R 12	R 4	R 201	R 50	R 251	R 21
6	Miscellaneous Structures	R 2 500	R 175	R 375	R 3 050	R 3 476	R 116	R 8	R 2	R 126	R 31	R 157	R 13
7	Museums & Libraries	R 5 500	R 385	R 824	R 6 709	R 7 648	R 255	R 17	R 5	R 277	R 69	R 346	R 29

	Facility Type	Estimated Building Cost (R / m ²) [A]	External Works 7% of [A] [B]	Prof Fees 14% of [A]+[B] [C]	Replacement Cost (R / m ²) [A]+[B]+[C] Excl VAT	Replacement Cost (R / m ²) [A]+[B]+[C] Incl. VAT	Replacement Cost spread over 30 years [Rc]	Maintenance & refurbishment (6,5% of Rc) [Mav]	Property Rates (2% of Rc) [Mr]	Annual Cost [Rc]+[Mav]+[Mr]	Overheads (25% of Annual Cost) [O]	Rss per m ² per annum	Rss per m ² per month
8	Offices	R 5 000	R 350	R 749	R 6 099	R 6 953	R 232	R 15	R 5	R 251	R 63	R 314	R 26
9	Police Stations	R 5 000	R 350	R 749	R 6 099	R 6 953	R 232	R 15	R 5	R 251	R 63	R 314	R 26
10	Prisons	R 6 000	R 420	R 899	R 7 319	R 8 343	R 278	R 18	R 6	R 302	R 75	R 377	R 31
11	Residential Accommodation	R 3 500	R 245	R 524	R 4 269	R 4 867	R 162	R 11	R 3	R 176	R 44	R 220	R 18
12	Shops	R 3 500	R 245	R 524	R 4 269	R 4 867	R 162	R 11	R 3	R 176	R 44	R 220	R 18
13	Under Cover Parking	R 1 500	R 105	R 225	R 1 830	R 2 086	R 70	R 5	R 1	R 75	R 19	R 94	R 8
14	Warehouses & Hangers	R 2 500	R 175	R 375	R 3 050	R 3 476	R 116	R 8	R 2	R 126	R 31	R 157	R 13

Notes on the calculation of sustainable accommodation charges:

The calculations have been based on information obtained from the Department's asset register or Property Management Information System (PMIS). A number of assumptions were made in the interests of simplicity, and these are listed below.

1. The areas of approximately 70% of the properties on PMIS have been measured and reflect areas (m²). The areas of the remaining properties have been estimated by calculating the average area of the properties which have been measured (per facility type), and assuming that all the remaining properties which have not been measured have that average area. In other words, the areas of the unmeasured properties are based on the average areas of the measured properties per facility type.
2. The properties on PMIS were grouped into a number of "facility types" with similar characteristics and replacement costs. This was done in the interests of starting with as simple an accommodation charge system as possible (see item 4.7 of the accommodation charge framework). We have attempted to strike a balance between simplification and accuracy. Refinements to these calculations will be made in future as DPW completes the measurements of all of its properties and as a more complex accommodation charge system is introduced.
3. The estimated replacement costs:
 - o exclude land values and the provision of bulk infrastructure;
 - o are based on average national building costs;
 - o include a factor of 6.5% for maintenance and minor refurbishment costs (excluding major refurbishment) – this factor is based on industry norms (references);
 - o include 2% for property rates – based on a sample of rates which are in line with the requirements of the Municipal Systems Act;
4. In line with the proposed Accommodation Charge Framework, prestige accommodation, RSA properties abroad and properties utilised by the National Intelligence Agency have been excluded from the calculations.
5. The salvage value for each property was deemed to be R 0, since accommodation charges are below market average.
6. Overhead Cost were benchmarked against public entities with an property management mandate (Intersite and Propnet) and was found to be consistently in the order of 40% including management fees, property rates and maintenance and refurbishment. The overhead cost for state properties were set at 33.5 % of which 6.5% is maintenance and refurbishment, 2% is property tax and 25% is management fee.

Annexure K: Calculation of increases in monthly accommodation charges based on increase of 5%, 10% and 15% of current budget

Year	2005	2007	2009	2011	2013	2015	2017	2019	2021	2023	2025	2027	2029	2031	2033	2035	2037
Rss	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74
5%	4.30	4.74	5.22	5.76	6.35	7.00	7.71	8.51	9.38	10.34	11.40	12.57	13.85	15.27	16.84	18.57	20.47
10%	4.30	5.20	6.29	7.61	9.21	11.14	13.48	16.31	19.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74
15%	4.30	5.68	7.51	9.94	13.14	17.38	22.98	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74

Annexure L: Conditions for the Delegation of Custodial Responsibilities from the Department Of Public Works to the South African Police Services for Functional Assets

1. PURPOSE

The purpose of the document is to outline the conditions under which the function of managing functional assets (i.e. police stations) currently with the Department of Public Works (DPW) may be delegated to the South African Police Services (SAPS).

2. BACKGROUND

During early 2005, NT indicated in a letter to DPW that there is a need to implement the decision contained in the Public Works White Paper of 1999 that budgets should be devolved to client departments. Subsequent to the letter, DPW and NT engaged in various discussions and information exchanges to develop a strategy in this regard. This has culminated in an 'in principle' document, *"The Devolution of Budgets and Introduction of Accommodation Charges"*, jointly agreed to by NT and DPW.

The devolution, as envisaged in the devolution document, is based on the following key fundamentals:

- The aim of the devolution is to achieve transparency in total costs (including accommodation costs) of service(s) provided by a department.
- When budgets are devolved, departments must pay DPW an "accommodation charge" for occupying state assets. DPW will utilise the revenue from the "accommodation charge" to carry out maintenance work and to pay municipal rates. Thus, although the budgets will be devolved, DPW will retain the function, unless the department becomes the custodian for its assets, through a delegation from DPW.
- DPW remains the custodian of all state assets but may delegate custodianship to a client department under certain conditions (this delegation can be withdrawn). This delegation does not include the power to dispose of assets (governed by the State Land Disposal Act).
- DPW will consider delegating custodianship for SAPS 'functional assets' from 1 April 2006, on condition that SAPS meets certain conditions. The delegation process and the management thereof shall be jointly agreed by the client department, DPW and NT.

This delegation is to be done in a responsible manner aimed at minimising service delivery disruptions.

- “Functional assets” does not include leased accommodation – all leases will still be managed by DPW.

SAPS has previously indicated to DPW its willingness to assume the responsibility of executing a mandate related to the provision of its own functional accommodation requirements. This involves acquisition of land/existing facilities and the management/implementation of capital and maintenance projects for functional assets. After various discussions with SAPS and NT, DPW agreed to pilot the delegation of custodianship for functional assets to SAPS with effect from 2006/2007.

3. DISCUSSION

To ensure continuity in the management of the asset portfolio and minimise service disruptions, it is essential that SAPS meets the following minimum requirements to receive a delegation of custodianship for its functional assets. These minimum requirements are aimed at ensuring a phased state of readiness of SAPS to assume custodial responsibilities for its functional assets.

3.1 Supply Chain Management

SAPS is to demonstrate its compliance with the Supply Chain Management Framework (SCMF) requirements that relate to the construction and property environments. This will include compliance with various relevant Acts and Statutory Requirements, primarily:

- Preferential Procurement Policy Framework Act (PPFA) and Regulations
- The Supply Chain Framework regulations issued in terms of the PFMA;
- The Construction Industry Development Board (CIDB) procurement requirements as outlined in the “Standards for Uniformity”.

3.2 Procurement Policy

SAPS is to demonstrate the existence of a procurement policy that outlines processes, procedures and principles in the execution of their mandate to provide functional accommodation. The policy must also highlight how procurement within SAPS will support the following broad government policies:

- Promoting Black Economic Empowerment
- Alleviating poverty and reducing unemployment

3.3 Business Processes

SAPS is to demonstrate the existence of clearly outlined business processes and

procedures for the execution of capital works and planned maintenance. These processes should cover the service delivery chain which includes planning, acquisition, management and disposal. Although disposal of assets is not delegated to SAPS, it is important for SAPS to indicate, through the Asset Management Plans, processes to be followed and criteria to be used to identify superfluous properties for recommendation to DPW for disposal. The business processes must also reflect compliance with the essential processes described in the Government-wide Immovable Asset Management Framework (GIAMF), in addition to the procurement regulatory environment described above.

3.4 Business Systems

SAPS is to demonstrate the existence of adequate business systems to manage the provision of accommodation. The systems should be specific to:

- Management of capital and maintenance work
- Asset Management Information (Asset Register)

3.5 Human Resources

SAPS to demonstrate that a plan is in place to acquire the human resources it requires to fulfill a mandate of custodial responsibility for its functional assets. It is acknowledged that SAPS may achieve different states of readiness at different stages of the process and will determine the extent and amount of delegation that will be acceptable to all stakeholders i.e. SAPS, NT and DPW.

4. IMPLEMENTATION

For the devolution process to be successful, it is essential that it is managed by a Task Team which consists of members from SAPS, NT and DPW with the following broad Terms of Reference:

- Finalise and agree on the “Conditions for Delegation”;
- Set and agree on milestones for the implementation of the delegation process;
- Evaluate the compliance and ‘state of readiness’ for the delegation process;
- Monitor and evaluate the implementation process and take corrective actions where necessary;
- Report back to the SAPS, NT and DPW Accounting Officers.