Parliamentary Committee on Home Affairs

The Government Printing Works (GPW) maintained an unqualified audit report, something it has managed since 2010. Findings in the audit report had been reduced from 42 down to only three. One major finding was related to debtor management where government departments placing orders with GPW were waiting for invoices to be signed off, specifically from the Department of Home Affairs. With regards to this, the Auditor General had stated that government would have needed to pay within 30 days, otherwise accounts would have had to be suspended. Other targets not achieved included a 27% gross profit margin; 100% revised draft supply chain management framework and policy; and R343 085m investment in additional production assets. Profit for the year had decreased due to operating expenses of new equipment and implementation of technology for the new Identity Smart Card project. Debtors days outstanding stood at 88 days.

Most of the targets under the human resources staffing plan were not achieved. The training and development plan and human resources policies and procedures targets were achieved. The special remuneration dispensation target was not achieved. Key challenges included the delay with the Department of Public Works in refurbishing a new building in Visage Street, Pretoria, where the new equipment was to be moved and the fluctuation of higher volumes of the new Identity Smart Cards that was still being handled by a limited staff output.

The Government Printing Works impressed the Committee with its innovative leaps in technology related to the new Identity Smart Cards and all the facilities and renovations around these new developments. The biggest issues raised were the questions around whether GPW would have been able to produce the high volume of Identity Cards over the next six to seven years and the delay in the new facility that was being renovated on Visage Street, Pretoria. The Committee was concerned by the drop in revenue received by the Government Printing Works but impressed with the 30% return on investment against a target of 14%, seeing that the entity offered its services mainly to government departments.

Briefing by the Government Printing Works (GPW)

Mr Anthony Mbewu, CEO, GPW presented the major highlights of GWP's year. The new Identity Smart Card that was launched on 18th of July 2013, and the public roll-out of the Identity Smart Card was done on the same day. GPW also boasted new world-class machines to manufacture these new Smart Cards. 38 million of them were to be rolled out over the following three to five years, phasing out the old Green Identity Documents. GPW had stated that the new identity cards would cost citizens R140. 100% of exam papers were delivered and no losses were reported in terms of security documents.

GPW's strategic outcome oriented goals were: to develop the Government Component organisation to perform as a sustainable ring-fenced business entity with flexibility and within regulated parameters; to optimise processes and facilities to increase operational effectiveness and improved customer service; and to have an efficient, effective and well-trained/developed workforce and special remuneration dispensation for the Government Component. There were four business divisions: operations and production; strategic management; financial services; and human resource management.

The operations and production branch achieved just over half of its targets. The production of passports had declined substantially from 1 259 611 in the financial year 2008/2009, when the new passports were rolled out, to 627 153 in financial year under review. These were projected to increase as soon as government changed to the new e-passport system. The Government Gazette was also projected to have fewer editions printed once more readers had subscribed to electronic, paperless versions.

The strategic management branch achieved most of its targets, however the new brand and logo was not developed and the new marketing strategy was not completed. The Annual Internal Audit Plan was developed and adopted, however due to the absence of risk assessment the plan was not risk based, and 13% of the plan was not implemented. GPW had also launched a new website on the .co.za domain which been working in conjunction with its existing website. The reason for this launch was due to the fact that the .gov.za domain site was limiting as GPW needed to run itself not only as a government department but as a business as well. In addition, GPW had spent a considerable amount of time and money on training its staff, especially with regards to computer literacy.

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Mr Rassie Barnard, CFO, GPW, presented the financial aspects of the report. GPW had maintained an unqualified audit report since 2010. Findings in the audit report had been reduced; for example in innovation technology from 42 down to only three. One major finding was related to debtor management where government departments placing orders with GPW were waiting for invoices to be signed off, specifically from the Department of Home Affairs. With regards to this, the Auditor General had stated that government would have needed to pay within 30 days, otherwise accounts would have had to be suspended. Other targets not achieved included a 27% gross profit margin; 100% revised draft supply chain management (SCM) framework and policy; and R343 085m investment in additional production assets. Profit for the year had decreased due to operating expenses of new equipment and implementation of technology for the new Identity Smart Card project. Debtors days outstanding stood at 88 days.

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Discussion

Mr A Gaum (ANC) commented that if the Independent Electoral Committee (IEC) with all of their complicated operations could accomplish a clean audit, GPW may also be able to do so. He then asked whether GPW had capacity to fully roll out 38 million identity cards over the following six to seven years. How would the costs of the delivery of the new identity cards be covered?

Ms N Mnisi (ANC) echoed sentiments of commendation. She asked about slow development of facility in Visage Street and wanted to know which issues were causing this blockage. What had caused the reduction in total income of GPW?

Mr G Mc Intosh also commended the great work and the keeping of the Old Building from 1897 in Visage Street. He inquired as to how it was possible that GPW had achieved a 30% return on its investment against a 14% target and whether this was a sign that other departments were being exploited. He also asked whether GPW produced any of the Annual Reports of the other government departments.

Mr Mbewu replied that GPW could have produced up to 18 Million Identity Smart Cards per year, but that limiting would be only have been on the side of the Department of Home Affairs to have introduced the Smart Capture systems into all of its offices across the country. Skynet was the courier company that delivered the Identity Smart Cards and all costs involved were included in the R140 paid by the citizen. He further responded to the question on the slow development of the Visage Street facility and has pointed out that the blockage was on the side of the Department of Public Works

Mr Barnard replied that GPW did not charge exorbitant prices as it competed with the public sector. GPW had taken many steps to reduce operational costs and this, coupled with the fact the highly competitive service rendered, had afforded it a high return on investments. Not all Annual Reports were printed by GPW.

The meeting was adjourned.