

MINISTER NXESI DELIVERS HIS HIGHLY ANTICIPATED MAIDEN BUDGET VOTE SPEECH TO PARLIAMENT

Public Works Minister T.W Nxesi says while the Department is coming from a dark place characterised by corruption and mismanagement, evidenced by 8 years of qualified audits – there is light at the end of the tunnel as the Departmental authorities now know what the problems are, and have developed a broad strategy to turn the Department around.

The Minister was delivering his maiden Budget Vote Speech before Parliament in Cape Town on 08 May 2012.

Minister Nxesi has also welcomed the allocated budget of nearly R8 billion for the DPW in the fiscal year 2012/13, saying “while it represents an increase of approximately 2% from the previous year’s budget, it sends a clear message that the Department must not think of a real increase in budget, until there is real improvement in performance”. He however noted that the budget reflected the government’s priorities and the Department’s efforts to address the issue of creating decent employment through inclusive economic growth.

The Minister remarked that despite the remarkable flaws, major sections of the Department remained functional and productive due to the commitment and hard work of officials. “This gives me hope for the future - EPWP is a case in point,” he said.

The Minister went on to say that the Expanded Public Works Programme – which is a flagship programme of the Department and of the government, was part of the Department’s response to the triple challenges of poverty, unemployment and inequality which were highlighted by President Jacob Zuma in his State of the Nation Address. The Minister vowed that in the coming year, EPWP would expand into new areas including, rehabilitation and maintenance of branch railway lines; maintenance of border fences; road maintenance; as well as expanding the National Youth Service programme.

On the arena of capacity building, the Minister highlighted the need to resuscitate the Departmental Workshops to develop in-house maintenance capacity, as well as providing training opportunities for some 500 graduates and students in the built environment sector. “This will include the training of professionals, technicians and artisans. We have also undertaken to review the out-sourcing of jobs – such as security and cleaning – to further create quality jobs,” the Minister emphasised.

The minister says while it’s an indictment of the Department that comprehensive, reliable and compliant registers of the Immovable Assets of DPW and other custodians still do not exist, great strides have been made. He says Department officials are working closely with auditing firm Ernst and Young on a desk-top exercise to reconcile deeds records and other existing databases to identify gaps. “This exercise will be complete by the end of this month,” adds Minister Nxesi. He says the cleansing of all gaps identified, accompanied by physical verification of select properties contained in the cleansed database, will take a further year to complete. “Currently we’re talking about some 35 000 properties – so even my quick win takes a year to complete,” adds Minister Nxesi. He says the cleansing of the Immovable Assets Register allows the Department to complete the devolution of some 50 000 properties to provinces and fast track the vesting process across the board.

On the leases, the Minister said there were no quick wins as years of poor management, under capacity and lack of financial controls had provided fertile terrain for fraud and corruption. Minister Nxesi says serious irregularities have come to light, thanks to the detailed work of the Special Investigating Unit. “It is for this reason, that shortly after my appointment I removed certain financial delegations to regions of the Department, such as withdrawing their powers to sign leases,” stresses Minister Nxesi. He says 22 such leases have already been identified in one region alone – involving payments of over R64 million. In response to the challenge, the Department had instructed its lawyers to approach the High Court to nullify these irregular lease agreements and institute civil action against whoever unduly benefited. The Minister says he expects the review of current leases of the Department, conducted by the Department and the National Treasury to be completed within the next 12 months.

Minister Nxesi says while too little, too late has been done to fundamentally change the audit outcome for the financial year 2011/12, he is confident that the first positive results from the employment of additional capacity in the current financial year 2012/13 - will be visible by mid-year, when the Interim Audit results are presented by the Auditor-General. He says core people are on board and will be driving the first phase of interventions to stabilise key areas that have been identified through a preliminary diagnostic. “DPW is still in ICU, but we are now stopping the bleeding and stabilising the patient – before deciding on the appropriate long-term treatment,” says Minister Nxesi.

The Minister concluded by thanking several entities for assisting the Department with its turnaround strategy. He also thanked DPW officials, who despite the existence of corruption – remain honest, professional and committed; and who despite the negative publicity – have not lost hope and are actively assisting in the turnaround of the Department.