

**Speech by the Deputy Minister of Public Works, Mr Ntopile Kganyago, on
the occasion of the Department's Budget Vote**

Venue: Old Assembly Chamber, 120 Plein Street, Parliament

Date: 21 May 2008

Madam Speaker

Honourable Minister

Honourable members

Members of the Executive Council Responsible for Public Works

Chairpersons and Senior Management of our Public Entities

Director General and your Senior Managers Present

Representatives of our industry

Ladies and Gentlemen

Once again we are called upon to account for the work that has been done in the Department in the last financial year and provide you with a roadmap of what lies ahead. As the Minister has indicated in her speech, a lot of work has been done as we have improved our work output throughout our operations. We are proud of the hard work that has gone onto our operations and we see the improvement as our efforts continue to make a real impact and difference to the people of South Africa.

In 2006 we took a conscious resolution to integrate labour-intensive methodologies into all work we carried out in order to fast track the achievement of the commitment we made as government, in 2004 and before. This strategic decision was born of a realization that the Public Works portfolio presented government with an even better opportunity to harness its infrastructure-developing prowess to create jobs, build skills and erect public assets that collectively serve to improve public service delivery in the country.

Our assertion that ‘South Africa Works because of Public Works’ is deeply rooted in our understanding that unless we dispense our duties with urgency and care, anything to the contrary will negatively impact on government and its departments and this has got the potential to undermine effective service delivery as demonstrated time and again by the chaos caused by government buildings that are in a poor state of maintenance and functionality.

Our mainstay programme, the EPWP, has proven its worth as the Minister has indicated in her speech. The October 2007 conference on labour-intensive practices organized by the Department of Public Works on behalf of the International Labour Organisation held in KwaZulu-Natal, confirmed that our EPWP was rated among the best in international practices on labour-intensive technologies.

Despite its shortcomings, the EPWP continues to deliver in excess of its original targets and has positioned itself as a valuable intervention in the attainment of the 2014 Millennium Development Goals. I am certain that a solid foundation has been laid for the EPWP to make a greater impact on unemployment going into the future.

The development of human capital constitutes the bulwark of government's campaign to eradicate poverty brought by lack of employment due to inadequate skills. Consequently it is imperative for EPWP to increase the momentum of its training linked to available work. The figures, as supplied by Vukuphile Contactor Learnership Programme under the Infrastructure sector of EPWP as well as the National Youth Service, indicate the potential of the EPWP to contribute to the Joint Initiative for Priority Skills Acquisition (JIPSA) under ASGISA.

The 2014 Youth Foundation Programme has continued to promote careers in the built environment by targeting mathematics and science learners from high schools across the country. The Youth Foundation is being assisted by the Military Skills Development - an initiative of DPW and the Department of Defence to recruit and train youth in basic military skills. Upon completion they are offered bursaries to study toward an academic qualification in the built environment fields. Currently there are 22 students placed at various tertiary institutions. DPW is committed to supporting these students until they have completed their studies.

The country is faced with a number of moving targets. First, the current boom in the industry brings along with it benefits and challenges. The construction industry has over the years been growing at more than 10%, higher than inflation until only recently. Like any sector that is blessed with growth, the boom promises to absorb many of the unemployed in our society. Current indications show that more than 800 000 people will be formally employed in the building and construction sector by 2010. Growth is projected to go beyond 2010. The many projects that have been announced are much higher in value than the 2010 Soccer World Cup stadia and related infrastructure. Also, the timing for these high value projects goes beyond 2010. It should therefore be noted that the increased investment into infrastructure by government and the private sector will lead to a longer cycle than in the past.

While it is well and good to be excited by the good news, the challenges have made us stand up and take stock of our needs and consider our options. Some of the challenges we currently face as South Africans are: shortage of skills in all aspects of the industry; power generation capacity within the country, which threatens to slow down the projected growth and delivery of much needed infrastructure.

The framework for the National Contractor Development Programme (NCDP), jointly developed by the Department and the Construction Industry Development Board, has been developed and is being rolled out to various departments and

parastatals around the country. The NCDP is a pillar of contractor development that is being rolled out through the CCCs.

Indicative of the growing economy is the demand for private and public property spurred by massive investment in infrastructure development which in turn stimulates construction demand. As a result of the boom in the construction sector, driven mainly by the public sector's increased investment in infrastructure development and delivery, the industry is acting like a magnet drawing myriads of small contractors with big dreams. However, the capital intensive nature of the industry, the competitiveness of the tendering environment, other strict regulations and a need for professionalism have all meant that this group finds it hard to compete successfully.

In response, the Department launched the Contractor Incubator Programme in 2007 to create an enabling environment in which the existing small contractors, between CIDB grades 3 and 7, can be supported to become sustainable. The key elements of the CIP are access to work opportunities, mentorship, training, finance and institutional support. To date, 126 contractors have been registered under the programme and a total of hundred and ten (110) projects to the value of R400 million, has been set aside to capitalize the initiative.

In the meantime, the Department has taken a decision to merge its Emerging Contractor Development Programme with the EPWP Vukuphile Contractor so as to enable a focused tool with which it can help to develop the technical and

entrepreneurial skills of small contractors, largely the CIDB Grade 1's and 2's, who in reality lack the necessary tools of the trade to be independent, sustainable and competitive. We believe and hope the new initiative will contribute to a seamless progression into big time construction activity, simultaneously building the kind of capacity that the country needs in order to absorb new challenges, not least the maintenance of our ageing national public infrastructure.

Notwithstanding its own muscle as the biggest role player in the property sector, government is still dependent to a large degree to private property managers, particularly in the area of leasing. This cannot be allowed to continue.

In instances where the property landlords have established monopolistic stranglehold on property market as is the case in some towns and cities, the Department has decided that it will build the infrastructure itself to provide for government accommodation.

To further promote black economic empowerment, government will outsource all elements of facilities management including cleaning, gardening, horticulture and maintenance to BEE-compliant individuals and /or companies.

The Department has approved a property transformation strategy that will seek to expedite transformation in spite of some resistance from industry. The Department will use its R1, 4 billion leasing muscle to fast track transformation by

giving preference to those companies that are serious about economic empowerment. Preference will also be given to private individuals who take the initiative to identify, renovate and lease back some of the unused government-owned buildings. The Department will embark on a campaign to give amnesty from prosecution to anyone who comes forward to volunteer any information leading to the recovery of government property that until now had been fraudulently obtained and/or illegally occupied, vandalized or siphoned.

As a norm, our building programme is extensive and comprise of capital works projects undertaken by the department on its behalf as well as those carried out on behalf of other government departments. This year, our budget stands at four point one billion rand (R4 141 402- 000) of which three point one billion rand (R3 195 491 – 000) will go towards the provision of land and accommodation-related solutions to government in fulfillment of our mandate to contribute to improved public service delivery. Our clients remain the Executive that is the Presidency and Cabinet as well as the Legislature and the Judiciary, and the property we attend to is state assets. Budget by its definition is a limitation and as a Department we believe that over the years we have demonstrated tenacity to deliver maximum results, a feat born of our experience and expertise in the industries we operate in. Possessed by the spirit of celebrating excellence, we believe that the budget allocation it is an impetus to spur us to unleash our mandate (and functions) in an unusual business manner to fast track development.

To improve service delivery to our clients, Prestige recently awarded a Facilities management contract which is 100% black owned for a 3 year period. The contract will help in the maintenance and day-to-day maintenance of all the Pretoria prestige facilities at Bryntirion, Waterkloof, Brooklyn, Union Buildings and Johannesburg. It encompasses soft services like gardening/horticulture and cleaning services as well as hard services.

In an attempt to enhance the condition and the habitability of accommodation for the Members of Parliament and sessional officials, the Department has completed its initial phase of upgrading the residences for Members of Parliament.

Currently 328 houses are completed, two houses outstanding in Acacia Park to be completed by end of May 2008, and eight former ministerial residences in Pelican Park.

In order to promote democracy, peace and stability in other parts of the African continent, DPW is involved in the construction of Oliver Tambo School of Leadership in Uganda and the Military Museum in Guinea. The construction of Embassies in Nigeria, Ethiopia, Tanzania and Lesotho is also at advanced stage and the plan is to hand those over to the Department of Foreign Affairs in the current year.

Inspired by the philosophy of the Government-Wide Immoveable Asset Management strategy, and driven by the experiences gained under the Re Kgabisa Tshwane Programme, the Department will draw in, other spheres of government to create centres of excellence in property development and management. Being the biggest owner of land and property in most municipalities, the NDPW intends to forge strategic relationships with Local Municipalities to roll-out its “Inner-City” Regeneration Programme to small (rural) towns in order to stimulate local economic activity. To this end a broad spectrum of the Spatial Partners on the State’s Immovable Asset Portfolio will be established to develop specific Asset Management Strategies (AMS) and specific solutions that will be adopted and undertaken to promote growth and transformation in the property sector.

It is imperative therefore that NDPW assumes its responsibility and engages with the Local Municipalities, the general public, communities and relevant institutions to agree on a Property Development Strategy that will contribute to the Municipalities’ Integrated Development Plans. This will undoubtedly, when done properly, bear positive fruits and see the upgrading of the state infrastructure, revival of small towns and the development of local economies of the country. This will avail the opportunity to the State to demonstrate its commitment to redressing the ills of the past.

As part of the apex of priorities, the Department is making a big effort to provide access for people with disabilities to government buildings.

Government has an obligation to make its buildings and facilities accessible to all its citizens including people with disabilities. Consequently the Operations branch has been mandated to make access for people with disabilities mandatory in all new buildings specifications. The existing old buildings that are non-compliant will have to be prioritised from respective client departments' capital budget for modifications.

With a view of enhancing the value of State immovable assets and improving service delivery to clients, the department will embark on the rehabilitation of State-buildings primarily for use by government departments. Priority will be given to properties that are strategically located to support the functions of the client departments. Also, the properties that would stimulate economic development including economic empowerment in all regions in the country will be given a priority. An amount of R 235 million has been allocated for 2008/09.

With the technical assistance from the Independent Development Trust (IDT), we reached an agreement with the Department of Education in 2007/08 to deliver on their behalf, education infrastructure particularly one of pressing need such as the eradication of Undesirable Structures. We have targeted provinces with high rural content where such infrastructure remains predominant. In acknowledgement, the Department of Education allocated a budget of R2.7 billion over the MTEF cycle thus ensuring that there were resources to sustain the initiative beyond June 2009.

In executing their programmes, the IDT were constantly reminded to deliver on their commitments to promote women contractors. I have been keeping a close eye on this throughout the year, and can report that they marginally exceeded a target of dedicating 10% of programme funds to women-owned enterprises (attained 10.1%). The aim is to ultimately attain 30% women's participation.

So, Madam Speaker, with all these great successes that have been achieved by the Department, I believe that, indeed, we are a success story and we are making a difference to the lives of South Africa's people.

Thank you.