

**Deputy Minister of Public Works
N Kganyago
10 June 2004**

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Departmental Budget Speech Cape Town

Madame Speaker
The Minister of Public Works, Honourable Stella Sigcau
MEC's for Public Works
The Chairperson of the Public Works Portfolio Committee, Honourable Bhengu
Honourable Members

Introduction

On this occasion, let me remind you that the mandate of this Department is to manage state's fixed asset portfolio in a manner that will add value to the state. By implication the key function of the Department is to manage physical accommodation and space in relation to government; its departments and other institutions - to ensure that they have a conducive environment within which they can enhance and advance service delivery obligations of government in the service of the people.

Asset Management Plans

The development of asset management plans has started after the restructuring of the department. We believe these efforts will go a long way towards addressing some of the audit concerns on the question of space utilization. These asset management plans will cover the acquisition, management and utilization and disposal of properties which includes the development of more comprehensive plans to deal with properties that are underutilized, vacant and not required for service delivery purposes. A notable refurbishment project currently under way in 90 Plein Street, Cape Town with a total project value of R96 million and to be completed in November 2004

Facilities Management

Just under two years ago we signed a R82 million contract to establish a Facilities Management service for our Prestige clients in Cape Town. These highest institutions of governance include the Parliamentary precinct, the Presidential and ministerial residences as well as the Parliamentary villages housing honourable members of parliament, their families and other government sessional workers.

The overriding objective of introducing Facilities Management was value for money for the state. Secondly we wanted to combat reactive mentality towards client needs and we worked to promote alternative but excellent forms of service delivery particularly in the critical areas of repair and maintenance, cleaning, gardening, landscaping, interior and exterior decoration. Other duties include waste removal and other so-called soft services such as hygiene and pest control.

In 2003/2004 we invested R37 million towards the Facilities Management Contract as part of the R100 million capital works budget under the management of our Cape Town Regional Office.

The introduction of best practices including the Computerized Maintenance Management System has improved both our communication technique with clients and helped us improve our response times in the process. As a result, on average, the delivery time for various categories of our services have been significantly reduced, much to the acknowledgement of our clients as judged by the reduction of complaints in other instances by as high as 90 percent.

Some of facilities management achievements include:

- The establishment of the Health and Safety Committee to ensure that our prestige portfolio clients complies with the relevant legislation The development of Annual Buildings Plans for each building enabling ease of maintenance as each building has a comprehensive data on past maintenance and future needs.

- The development of Annual Buildings Plans for each building enabling ease of maintenance as each building has a comprehensive data on past maintenance and future needs.
- The development of a Portfolio Plan for the Buildings and other structures within Prestige Accommodation. This allows for efficient, effective and easy property management.

With the introduction of Facilities Management, the Prestige function at our Cape Town Office is now in a better position to focus its energy on its own mandate of providing strategic and advisory directions to the Department.

In addition, the prestige accommodation function is responsible for the removal of domestic waste emanating from the Parliament precinct and residents of our prestige client.

Our prestige portfolio is big and varied and has challenges of its own. The services and products we are mandated to perform include but are not restricted to property management, project delivery services and leasing.

Property Management

The National Department of Public Works provides its clients with an all-inclusive Property Management Service complete with Quality Assurance Inspections. The services include annual building inspections to ensure compliance with laws of health and safety, as well as comprehensive building plans for ease of maintenance for each of the buildings within the portfolio.

Project Delivery Service

With regard to project delivery services, the Department identifies maintenance, repair and capital projects for the future and provides the estimating, design, planning and implementation of services. This we do to ensure client satisfaction while maintaining the integrity of our assets in terms of energy efficiency, environmental and construction safety regulations and operational life of equipment, systems, architectural finishes and structures that these works will affect.

Leasing

Given the shortage of government-owned accommodation, the Department resorts to leasing of premises from the private sector, when the need arises.

Our biggest challenge at Prestige remains shortage of office and residential accommodation within the portfolio.

Residential Accommodation

Residential Accommodation for the members of the Cabinet has been identified by the department as one of the highest priorities. To this end we are far advanced with the proposal to build new accommodation at an identified site at the Grootte Schuur Estate as well as looking at alternative areas to erect additional houses.

Office Accommodation

The department also recognizes the fact that we are running short of office accommodation. A study has been conducted and found that there was a crisis in office accommodation at the Parliamentary Precinct.

Already we are busy with measures to alleviate some of the space shortage. You will have noticed that there is much work being undertaken on the precinct at present. Number 90 Plein Street previously known as the SARS Building is currently undergoing a major refit to the first five floors to accommodate Parliamentary Services. At 120 Plein Street that houses the Ministries we are currently refitting what was known as the Rain Forrest room to a multipurpose more functional room and an exhibition center/ conference center. The ablutions facilities serving the area are also being upgraded and a kitchen will be concluded.

Acasia Park

There has been much controversy surrounding the security measures at the Acasia Park Parliamentary

village. During the last few months the department has beefed up the infrastructure. These measures now include improved perimeter lighting, replacement of boundary fence, improvement to street lighting, new access control measures and we are in the process of inviting tenders for the installation of burglar proofing to windows.

A recent occupancy audit indicated a lack of cooperation and compliance with rules governing accommodation at this Village. This is an indictment to some of us seated here. I urge all members to work with Public Works and SAPS as we are serious about the safety and security of all who reside at the Acasia Park.

Corporate governance

Madame Speaker, a budget the size of Public Works' requires men and women of integrity to manage it; shrewdly and prudently.

In line with the principles of sound corporate governance framework, over the past year the department updated its risk management and fraud prevention plan with a view to addressing the weaknesses in this environment. Weaknesses in our procurement chain resulted in some corrupt practices committed by some officials in the Department. As a result of our investigations, we have dismissed four senior officials at one of our regional offices. One is already behind bars and the others are facing criminal charges. In view of the susceptibility of our business to fraud, every effort is being made to deal harshly with the perpetrators whilst encouraging whistle blowing on an anonymous basis. Let it be stated very clearly, this department is committed to zero tolerance to corruption.

In the past we committed the department to address the weaknesses in the financial management environment. Today there is a notable improvement in the audit report of the 2002/03 financial year. We are looking forward to a further improved audit report on the audit currently underway for the 2003/04 financial year. In this regard, we wish to acknowledge the positive contribution of the Audit Committee in steering the department to a sound financial management footing. A special word of appreciation goes to the former Chairperson of the Committee Mr. Barend Pieterse who resigned due to work pressures during the period under review - we wish him every success in his future endeavours.

Asset Management

Government-wide immovable asset management framework

The Department has formulated a government wide immovable asset management framework (GIAMA) which seeks to address inefficiencies and discrepancies in the management of property assets. It is anticipated that it will be translated into a Bill, to be submitted to this House by the end of this financial year.

User Charges

In line with the government -wide Financial Management Reform brought about by the promulgation of the Public Finance Management Act (PFMA), there is an ongoing pressure for all public sector institutions to provide better value for money - in other words deliver services and goods transparently, accountably, efficiently and competitively. In recognition of these imperatives, the department proposes to implement the "user pays principle" on all services to its clients. This initiative is one of the many interventions currently underway to bring about better transparency and accountability for the use of public resources.

The aim of the user pays principle is therefore to allocate real costs to respective departmental budgets to achieve transparent accounting of the total cost of providing accommodation and related property services.

The programme is being discussed with National Treasury and the first phase is planned to be implemented by April 2006.

Asset Register

Good progress is being made to ensure that the asset register is comprehensive, contains more data fields and reflects whether properties are owned by the national or provincial government. A joint initiative between

ourselves, the Department of Land Affairs and the Provincial Public Works departments is underway to address government property information needs and as well as gaps in the asset register. Our long-term goal is to ensure that all government bodies and state-owned enterprise establish and maintain comprehensive property asset registers, to enable improved management of these assets.

Devolution of municipal rates and service charges to provinces

The Constitution separates the ownership of state land between the national government and the provincial governments.

When assets and liabilities were devolved to various provinces, the payment of municipal rates and services on provincially owned properties remained at national government level. Based on the above mentioned constitutional provisions, together with National Treasury we are planning to devolve a portion of our rates and services budget to the provinces by April 2005.

Conclusion

In my short time since coming into the Department I have come to be impressed with the display of commitment and dedication shown by everyone as we all strive to build the best Public Works Department characterized by competitive levels of service delivery.

I like to thank Minister Sigcau for the warm welcome and look forward to a fruitful and enriching association.

I thank you.

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