

**Deputy Minister of Public Works
N Kganyago
19 May 2005**

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The Speech Delivered by the Deputy Minister of Public Works Mr Ntopile Kganyago, Mp at the 37th SAPOA International Convention and Exhibition on 19 May 2005 at Sun City, Northwest Province

- The Master Of Ceremony
- The Chief Executive Officer Of SAPOA, Mr Brian Kirchmann,
- The Chairman Of The Convention Committee, Mr Henry Chitsulo
- Distinguished Guests
- Captains Of The Industry
- Ladies And Gentlemen

The government through the Department of Public Works is a key role player in the South African property and construction industries. As its mandate, the Department of Public Works is tasked with the custodial role of managing immovable assets of the state on behalf of the government and its departments.

The Management role includes such functions as planning, acquisition, maintenance and disposal – in short the total life cycle management of fixed assets. Consequently government has built an extensive fixed property portfolio made up of functional, residential and commercial (office) accommodation, including land. In addition, the Department of Public Works spends more than a billion rand per year to lease mainly office accommodation for government departments from the private sector landlords many of whom are members of the South African Property Owners Association (SAPOA).

The construction and property industries are indispensable to infrastructure development and both industries contribute directly to the development goals of the country. Historically government has had a constructive relationship with both industries, relying on them to supply products and services in meeting the demands of development and growth.

Sadly, successive apartheid administrations usurped this relationship and used it to further advance the system which gave rise to lopsided development with resources accruing to only one section of the population. Racially motivated legislation, such as immigration labour laws, notorious Groups Areas Act, and Land Acts systematically deprived many people access to fixed property and created a population of landless masses. Property ownership as a fundamental right and an important tenet of a free enterprise system was sacrificed at the altar of apartheid.

Ten years ago the whole nation turned its back on apartheid and set out to reverse its negative effects. The transformation of our society and our economy became government's main focus to entrench democracy, cultivate patriotism, alleviate poverty, and promote growth and empowerment. The Land Restitution Act, the Constitution and the Black Economic Empowerment Legislation – were among fundamental efforts to do away with the vestiges of apartheid. Recently, the processes to launch both the Property and Construction Transformation Charters are an indication of government's resolve to bring about social, political and economic equalities.

The Property Transformation Charter, states, among others that, noting the challenges facing the sector, many of which are inherited from our history, "we, the parties to this charter, commit ourselves to actively promote a vibrant, transformed and growing property sector that provides adequate services to the domestic economy, reflects the South African nation as a whole, and contributes to the establishment of an equitable society".

We intend to achieve this by promoting the development, growth and transformation of this industry such that there will be increased investment in the sector, increased accessibility for property ownership and development, enhanced entrepreneurial and skills development, as well as employment equity and substantial change in the racial and gender composition of ownership, control and management in the sector.

The scorecard, which will form an integral part of the Property Sector Charter, will provide an objective and broad-based set of measurement indicators for purposes of measuring BEE progress in and between property companies, in different sub-sectors and in the property sector as a whole.

Commenting on the Property Transformation Charter, the managing director of Cluttons South Africa, Mr

Andrew LB Smith was quoted in the ' Business Report of 05 April 2005 as saying:

The Charter will not only provide a structured framework within which meaningful transformation of the sector can take place, but also present smaller agencies with new challenges and opportunities for growth.

Smaller companies may think it will be hard for them to comply with set targets of employment equity but, in fact, smaller agencies are more flexible,

This will be an exciting challenge for them to find ways in which they can embrace change and make a meaningful contribution to skills development and transformation of the industry.

In spite of anxieties often conjured amidst the process of transformation, we remain convinced that the proposed charter will bring transformation to the property industry as well as new opportunities for growth, for all roleplayers. The success of government in managing the macro-economy ensures an environment of stability conducive to investment and growth. Orderly implementation of land reform programmes should also strengthen confidence of property owners without fear of upheavals in the market. The reconstruction and development agenda is inherent with opportunities for development and growth, even beyond our borders.

The New Partnership for Africa's Development (NEPAD) has identified infrastructure development as integral to poverty alleviation and economic growth. Social infrastructure such as houses, local roads, schools and other public buildings improves the quality of communities and reduces poverty. On the other hand, economic infrastructure like airports, commercial roads and accommodation, shopping malls and the hospitality infrastructure stimulate commerce and contribute to economic prosperity.

The transformation of the Property Industry needs to be understood within the changing global forces which require countries to adapt, align and implement. Progressive policy framework, corporate governance, rule of law, equity and human rights culture, among others, are a prerequisite for democracy and prosperity.

On behalf of the South African government, we welcome you all to this the 37th SAPOA International Convention and Exhibition. To all our visitors, we beckon you to enjoy the African hospitality epitomised in our people. South Africa belongs to all who live in it, united in their diversity. To our compatriots, we thank you for endless effort to help us position ourselves favourably to the outside world. I wish you all a successful event.

Thank you.

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