

**Deputy Minister of Public Works
N Kganyago
31 August 2005**

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Speech delivered by Deputy Minister of Public Works Mr. Ntopile Kganyago MP, to the conference on “Excellence in the Public Service”.

Date: 31 August 2005
Venue: Royal Hotel Durban

The Programme Director
Ms Jane Kalideen Managing Director: Kalideen Management Services
Mr. Brian Moore CEO: Mthimkhulu International
Distinguished Guests
Ladies and Gentlemen

Introduction

I would like to say thank you for the opportunity to address you today. I have been asked to speak on two issues, the first one being Strategies to Combat Corruption. The Second issue I have been asked to address today is perhaps more specific, which is to talk about drives towards excellence in Service Delivery.

In response to the above I have made two assumptions. The first assumption I have made is that the above topics refer to the Public Service as a whole. I have however also made a second assumption which is that in the light of specific references to the Expanded Public Works Programme, a programme that is coordinated by my department, I am expected to anchor my speech on the programmes of my department.

As I have indicated, I will therefore with your permission Mr. Programme Director anchor my contribution to this discussion to today on how the Department of Public Works has dealt with the eradication of poverty and joblessness. I will also, still anchored at Public Works also demonstrate how we are dealing with the challenge of delivering the leadership that is necessary to fulfill our service delivery mandate and at the same time roll back corruption in the public sector.

Strategic Objectives of the Department of Public Works

The DPW provides strategic leadership to the Construction and Property industries to ensure economic growth and development. Our second strategic goal is to ensure that Black Economic Empowerment is promoted after it was declared a national priority. Thirdly we are charged with contribution to the national goal of Poverty Alleviation and Job Creation in line with the commitment at the 2003 Growth and Development Summit to halve unemployment by 2014.

Fourthly we are to contribute to the African Renaissance particularly programmes of the New Partnership for Africa's Development (Nepad).

The fifth goal follows the decision by Cabinet Lekgotla in 2003 that to improve service delivery, all national departments must adopt the concept of Batho Pele (People First). Our sixth goal includes Good Corporate Governance which is under-pinned by the Public Finance Management Act. Finally we have set ourselves the goal of a Comprehensive Human Resources Plan which supports the objectives of the Department and those of government.

I have outlined the objectives in order to give you an idea just how we understand our mandate. This will enable me to illustrate how this mandate ties in with the issues we are addressing today. I will also give you concrete examples of how we have played our role against corruption and towards the improvement of service delivery.

I believe that at the heart of service delivery is an efficient and hardworking cadre of employees who are happy in their work environment. I also believe that the workforce will only be happy in their environment if they have been equipped with the necessary tools to perform their responsibilities. For this reason we have at the Department of Public Works spent some time to ensure that the correct skills are matched to the job at hand.

Without this awareness, we would not be able to achieve the strategic goals above. Without the strategic goals we would not know what map to follow in order to fulfill our mandate, and we would not have anything to measure our effectiveness as a department.

In this regard in October 2003 we put in place a new organizational structure and spent time assessing the skills base in the Department. This exercise was meant to determine what the overall skills base was in the Department and how this fared against our stated objectives. This is because no matter how well-intentioned our strategic objectives are, we cannot meet them unless we have the human resource capacity to match them.

It is well and good to say that we want to land on the moon in 12 months time. But without conducting a proper assessment of what is necessary to be able to reach those heights in terms of finance, time, scientific and engineering expertise, etc, we may well forget about the stated goals.

In our area of operation we have targeted Finance, Asset Management, Human Resources, Project Management and Professional Services as areas in dire need of training.

I have argued that skills training and adequate human resource capacity are some of the prerequisites for proper service delivery. The objective is to link individual performance during a period to the organizational needs and strategic goals of the department.

At management level we have adopted the Leadership Way which includes among others the development of line managers so they can do their jobs better than before and more effectively.

The theme of skills acquisition and training also underpins one of our biggest anti poverty campaigns, the Expanded Public Works Programme. The EPWP provides temporary job opportunities and is one way of bridging the gap between the first and the second economy. The idea is that EPWP beneficiaries will in the long run use their skills and knowledge to start their own businesses or find permanent employment. In that way, they will contribute to the country's economic growth. This is part of our service delivery as government and is in line with the stated objectives above.

The EPWP involves four sectors namely the infrastructure sector, plus the social, economic and environmental sectors. Since its inception last year the EPWP has seen R3.2 billion spent on implementing projects, creating 223 410 work opportunities for our people from all corners of the country. In that period we have spent R823 million wages with 31 % of the beneficiaries being female, 41 percent youth and 0, 5 percent disabled.

We have no doubt that we are on track to create one-million job opportunities by 2009 which re-affirms our commitment to alleviating poverty, unemployment and creating a better life for all.

Fraud and Corruption

A better life for all will not be achieved unless there is Zero Tolerance to Corruption, at all levels of government and State Owned Enterprises. Mechanisms such as the Prevention and Combating of Corruption Act, the Prevention of Organised Crime Act, Public Finance Management Act also allow government to successfully prosecute those involved in corrupt, fraudulent activities.

A better life cannot be achieved in the absence of adequate Human Resource Capacity to deliver on the mandate of jobs and the eradication of poverty.

A better life for all is impossible to achieve in an environment in which there is no dedicated and selfless leadership at all levels of government, in the urban and rural areas of our country.

The Department of Public Works is itself guided by the following policies to ensure that fronting/fraud is combated. These are the Preferential Procurement Policy Framework Act (PPPFA), Broad Based Black Economic Empowerment Act (BBBEEA), the Targeted Procurement Strategy, the Contractor Incubator Programme, and Strategic Project Initiatives and the Ethics Hotline where people can call to complain about corrupt activities.

We believe that fraud in the public service affects both the state and citizens and results in the decline of economic activity, the non- delivery of basic services, poverty and unemployment. Such crimes by their nature

take away from progress and are part of a morality which in the end undermines democracy wherever it is.

In this regard government has established institutions whose job is to assist in the fight against corruption. Among these are

- National Prosecuting Authority
- The Scorpions
- Asset Forfeiture Unit
- Public Protector
- Special Investigation Unit
- Commercial Crime Units

In 2002 government adopted the Public Service Anti-Corruption Strategy. A few years into the process government's assessment was that there is good progress and many departments and agencies were putting in place solid anti-corruption systems.

There is still insufficient co-ordination of anti-corruption work within the public sector and among the various sectors of society, as well as misinformation about corruption, the impact thereof and anti-corruption measures.

The national anti-corruption strategy of the DPW follows earlier precedents to combat corruption including setting up of anti-corruption units and the hosting of the successful anti-corruption conference in October 2000.

The Department awards tenders and contracts worth billions of rand to the private sector regularly and spends millions on Black Economic Empowerment. As an example we spend R1billion annually on Maintenance, most of it awarded through the tender system. With this expenditure we therefore have to be vigilant in our dealings.

BEE Fronting In April a verification probe found that companies had claimed to be BEE companies over the past two years in about 70% of our construction spend over the period.

We selected 63 contractors, 11 of whom had not claimed BEE status. They were white companies and were subjected to this process because they had committed to certain contract participation goals (CGP) i.e. to use black subcontractors.

With regard to the Non-BEE enterprises the verification showed that few of the 11 non BEE companies had met their Contractor Participation Goals (CPG). These contractors had committed up to 35% on CPGs but in reality contributed a very small percentage.

In some cases the main company would do the work, use the "skeleton company" for invoice purposes and the money would then flow back into the main company.

In other cases, the black subcontractors would get the subcontracts, but would be told to lower their rates if they wanted to get the sub-contract while the main contractor was charging the Department much higher rates.

With regard to the Fronting Enterprises we estimated we were duped to the tune of R441-million as a result of BEE fronting all done by 15 enterprises.

We will at the end of this month be handing over our preliminary findings to the National Prosecuting Authority for further action.

In the meantime the fronting enterprises will be blacklisted with the National Treasury as well as the Construction Industry Development Board.

Contracts executed by fronting enterprises will be cancelled where service delivery is not likely to be heavily affected. All contractors claiming BEE status will have to submit an accreditation certificate that attests to their claim before they can do business with my Department.

We have said time and again that fronting detracts from the aims and objectives of BEE which are to empower and transfer skill, and also contribute to economic growth.

I would like to reiterate today. Corruption in general takes away from those who would otherwise be benefiting and gives to those who are never satisfied.

Corruption undermines the very democratic state that we are building as a country. In the end therefore it benefits only a few but holds in it the potential to destroy millions more.

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