

Director-General's (Mr. Mziwonke Dlabantu) Opening Remarks at the Annual Strategic Planning of the National Department of Public Works held from 20 to 21 October 2016 at St. George's Hotel in Centurion

Colleagues, please receive my warmest greetings, and allow me to premise this opening remarks to our Annual Strategic Planning session by reminding all and sundry that ours is a developmental trajectory, and to keep us focused and on track, the Minister of Performance Management, Monitoring and Evaluation, in the Presidency, the late Minister Collins Chabane, published a document detailing an overarching approach towards “improving government performance” which kicks off in introductory by enlisting few non-negotiable principles guiding performance including:-

(1) To provide principled leadership and making the tough decisions that may be required to deliver on our mandate; (2) To strengthen our ability to co-operate across the three levels of government and work as a single delivery machine; (3) To recognize that there will always be limited funding and resources and yet be willing to commit to doing more with less and doing it on time; and (4) To develop a skilled and well-motivated public service that

is proud of what it does and receives full recognition for delivering better quality services. Of course, these must be adapted to DPW context.

As the department we need to consider the current external and internal environment the organization finds itself in, it is crucial that in formulating our organizational objectives and strategies based upon the environmental assessment. Taking into account the MTSF cycle we are mid-way in ensuring that the Programme of Action of Government is adhered too. This session provides us an opportunity to implement and evaluate the strategic plan.

The GRC branch needs to provide this session with the department's external and internal environment. This may involve conducting a **SWOT analysis**, which is an examination of the department' strengths, weaknesses, opportunities, and threats. As the department we need to internalise the National Development Plan and the Medium Term Strategic Framework as external strategic drivers. In this regard, our deliberations must take into account how the Department is responding to the following:

- Fighting corruption;
- Job creation;
- Expanding infrastructure; and

- Building a capable state.

In terms of our mandate we need to really consider that are we responding to our client departments in an appropriate manner. The Department's core business is to provide and manage accommodation, land and infrastructure needs for national departments. We need to be truthful to ourselves on why other client departments opt to use other alternatives in seeking accommodation rather than knock on our doors. Are we a barrier in ensuring that our clients get the type of accommodation that they require within the specified or reasonable time or are we enablers? These are some of the questions we should be able to respond too at the end of the strategic planning session.

We must define a South Africa that works because Public Works delivers, that is where we want to be. Since the white paper the mandate of the department has remained relatively the same. However, the built environment has evolved over time as the department we need to consider whether we are responding to the evolved business? Therefore this brings the urgency of reviewing the white paper and ensuring that we respond to the changed environment.

It is still a major challenge for the department, and I must also hasten to say our institution as well, to implement and evaluate the strategic plan. Our quarterly reports provides us with a hint on where we are going as branches and what we need to do differently in order to achieve the targets which we ourselves have indicated we will achieve, by the way the targets are not imposed on us, they are determined by ourselves in responding to our mandate however most branches are still lagging behind.

The Strategic Plan therefore remains relevant for five year period (2015-2020), linked to the electoral cycle, and is updated annually to be relevant in dealing with issues within the environment. The strategic planning session will allow us to consider strategies that are in place and to consider whether the outcomes are in line with what was intended or should be achieved. The Policy Priorities as per our strategic plan (2015-2020) and the policy statement from the executive authority for the Department of Public Works are:

1. The creation of 6 million EPWP work opportunities;
2. Operationalisation of the GRC Branch
3. Strengthening the oversight of the Public Works sector in terms of the concurrent mandate

4. Capacitation of the Policy Branch to:

- Drive transformation of the built environment
- Lead the policy review leading to a Public Works Act – with particular focus on how we deal with the concurrent mandate

5. The effective operation of the Prestige Unit.

The Policy Priorities for the PMTE are:

1. To address the organisational and capacity issues within the PMTE
2. To implement plans to contribute to the new SoNA commitments:
 - i. Energy saving (as part of a wider greening initiative)
 - ii. Operation Phakisa
 - iii. Rural development and land reform
 - iv. Unlocking the potential of SMMEs and coops
3. Eliminate under-spending on capital budgets by improving the effectiveness of Construction Management, and
4. Reviewing the property business (across the immovable asset life cycle) with a view to long-term efficiencies as well as short-

and medium-term deliverables. The review of the property business will ensure the creation of jobs, development of skills, empowerment of SMMEs, savings to the State and revenue generation for the PMTE.

Having stated these, Colleagues, allow me also to extract and highlight key analytical issues as entailed in a report compiled by our Performance Monitoring and Evaluation (ME) Unit on the “performance of the Department of Public Works over the period 2009/10 to 2015/16 financial years”. This assist a great deal to look closely on where we come from, where we are, and where we are going, including importantly on how we do things, with a view to emphasize on our Turn Around phase of “improving how we do business”. We need to keep in our minds as we accelerate our Turn Around journey in general and the following two days of our Annual Strategic Planning in particular.

I therefore directly extract the following from the report:-

On fluctuating performance targets, the report, inter alia, states that:

- The changing nature of our performance targets in the seven year period of (2009 – 2016) and this changes obviously impacted on our performance

- Targets fluctuated from 42 in 2009/10 to 40 in 2015/16 and the decrease is mainly attributed to the split between DPW and the PMTE
- The operationalization of PMTE in 2015/16 and this included a separate Strategic Plan as well as separate own Annual Performance Plan
- An observation by the ME Unit report states that the higher the number of targets, the lower the performance has been achieved
- The average performance for the Department for the period under review is at 52%, this is concerning as it means we are not even average.

On programme 1, the report, inter alia, states that:-

- Programme 1 focuses on Administration has improved from the lowest performance at 37% in 2012/13 to achieving the highest at 87% in 2015/16.
- However, there still needs to be improvement in the following areas our compliance rate to statutory requirements, (Colleagues, we will always be found wanting if we do not adhere to the 30 days payment), proper planning which does not affect only the SMU and

M&E unit as our support however it affects the entire department since we are all guilty of not achieving our targets.

On programme 2, the report, inter alia, states that:-

- As we all know, programme focuses on Immovable Asset Management and is divided into eight sub-programmes
- After the split between DPW and PMTE in 2015/16, IGR became part of programme 2 and achieved 100% in the period under review
- All the sub-programmes constituting programme 2 now form part of PMTE
- We are continuously improving the accuracy and completeness of information in our Asset Register – and launched Operation Bring Back to identify State immovable assets that remain unaccounted for
- Key Accounts Management (KAM) signed all the service level agreements, however we need to consider is that enough or is the devil in the detail of the SLAs
- Prestige Management faces challenges of lack of policies we need to finalise those policies as a matter of urgency

- Projects –we are still not completing our projects within the required time frames and budget. The execution of these projects needs to be improved.
- Professional Services-needs to be capacitated in order to respond to the skills that are required in the sector.

In terms of the Property Management Trading Entity (PMTE), which is now fully operationalized , allow me further to flag few issues affecting programmes under PMTE regarding or as related to performance in this regard:-

- When the programmes were still within DPW, the average performance was 37% for the six years since 2009/10 but now the average performance of PMTE is 61% in 2015/16 – the split contributed to the progress we are seeing

On programme 3 focusing on the Expanded Public Works Programme (EPWP), the report, inter alia, notes:-

- We proclaimed a target of six million work opportunities through the EPWP during phase three (2014 – 2019) supporting public bodies across all spheres of government and non-state sectors through

government incentives to deliberately optimize the creation of work opportunities.

- Our persisting challenge with regard to EPWP is the disbursement of full incentives, under-reporting – which therefore seems that we are unable to achieve the target we projected, as well as municipalities implementing low labour-intensive projects

On programme 4 focusing on property and construction industry policy regulation, the report, inter alia, observes that:-

- The major challenge affecting this programme is that it is process-intensive. The internal and external delays which overlaps into other financial years have contributed to the problems.
- There has also been underestimated duration with regard to finalization of Bills/Acts presented to Parliament, due to the complex nature of Bills/Acts – which is what the Constitution requires

On programme 5 focusing on prestige management, the report, inter alia, states that:-

- Prestige was added as the fifth programme only in 2014/15 then called Auxiliary and associate service, and now the name changed to Prestige Policy Management since 2015/16 and also now forms

part of DPW's Performance Plan at a Policy level with implementation in PMTE.

- It should be noted that some of the indicators and targets of this programme were part of programme 2 focusing on Immovable Asset Management
- The new approach of focusing on strategic and policy elements such as the development of standards and norms for Prestige resulted in the performance of Prestige falling to 50% from 100% in 2013/14 and again to 50% in 2015/16 financial years

A general performance index reveals that:-

- Both programme 1 and 5 have the highest scores in the period under review, while the core business of DPW and PMTE, which includes programme 2, 3 and 4 has underperformed.
- There is generally a steady improvement across programmes throughout the period under review although performance is still below par.
- There are weaknesses picked up in comparing the performance of support services, mainly programme 1, which is at average 60%, and

core business, mainly programme 2 and 3, which is at 35% throughout the period under review

- This obviously reflect a skewed or undesirable picture, where non-core functions performs better than core business – this could distort actual performance of the DPW
- DPW stands at 62.5% and PMTE at 61% - this is slightly above average for the period under review

Key issues or challenges for consideration are listed as follows:-

- Poor planning – the non-achievement of targets is a reflection of a weak process of developing performance indicators – often referred to as SMART indicators or targets
- Chances of success are greater when programme objectives and projects scopes are defined and clarified properly
- Absence or lack of an integrated value chain (support versus core) resulting in poor performance or under-reporting
- Inadequate procurement processes that cause several delays in appointing service providers or professional services to complement departmental capacity

- Poor management of service providers or contractors resulting in poor quality of service – this includes failure to keep records of projects.
- Lack of appropriate POEs in support of information provided as achieved or not achieved – this has implications in determining the actual performance of a particular programme
- Lack of reporting resulting in underperformance which eventually affects decision-making
- Poor accountability measures and follow through on corrective measures in areas of under performance
- Ineffective use of resources (economy), inappropriate processes (efficiency) and limited tangible results (effectiveness and equity)

Colleagues, just as I conclude

We have had engagements in the Department on key strategic issues that remain critical going forward, these includes the followings:

- Further work in the operationalization of the PMTE, particularly aimed at strengthening its governance, and meeting all the National Treasury conditions for its establishment
- The need to prioritize and agree on the suite of services that we remain with and therefore those we should discard

- Our enhanced role in the management of GIAMA, as our key legislative instrument, and providing leadership in this regard
- Accelerating the policy development process in particular, the development of the White Paper
- Enhancing and strengthening our shareholder management capacity in the oversight of our institutions, in all the aspects related to (policy support, performance monitoring, and governance oversight), so we can be able to ensure that the structural deficiencies that often lead to problems in these institutions are addressed once and for all.
- The completion of implementation of all outstanding aspects that relates to property management (from the model used to policy on the rate of return and risk tolerance, billing debate, apportionment of the aspects related to asset life cycle management process).
- The completion of all matters related to the service delivery model to policy of the Department and PMTE, including the linkages with our institution, and interfaces with the client Departments.
- The intergovernmental relation framework that ensures that we all participate as a unit
- The implementation of IDMS in the Department

Colleagues, it is expected that in our deliberations later during this session, we will ensure that we have clearer plans and key deliverables that must form part of, or be visible in our APPs.

Just to emphasize that, in analyzing all quarterly reports year in and year out the reasons for non-performance according to branch heads could be summarized as follows:-

- Capacity constraints-(We need to find ways in dealing with this constraint as this will always remain as we must attain our targets within the budget and in terms of the human capacity we have)
- Budgets/Funds
- Inadequate IT systems
- Delays in SCM processes

We must all look closely at the AGSA findings on planned and reported performance. We must also work harder to improve our communication and collaborations including with our regions, stakeholders and across the property and construction sector. We must further find innovative ways of cultivating a culture of performance, it starts with each one of us, then with our immediate working teams, and must be extended to every employee within DPW and PMTE. I trust that you are already pondering “what needs

to be done” to “improve the way we do business”, and I sincerely trust that this session would produce a solid performance-based, outcome-based and results-oriented annual strategic plan, because we are clearer about what is expected from us to deliver optimally.

Thank you all.