



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

**MINISTER
OF PUBLIC WORKS
REPUBLIC OF SOUTH AFRICA**

**Meeting with the Public Entities and Professional Councils
Cape Town 10th February 2012**

Opening Remarks:

- **Developing a Turnaround Strategy for Public Works**
- **Transforming the Built Environment and Job Creation**

I want to welcome you all here tonight to this symbolic gathering. I want to send a clear message that I am fully aware of the important roles played by the entities and the professional councils in the built environment and I want to signal my intent to devote time and energy to your issues in the days ahead.

If I have not – thus far – given your bodies the attention they deserve – let me first apologise – and share with you that my priority has been to grapple to come to terms with this complex portfolio of Public Works, and to stabilise the Department.

I want to do two things tonight:

- To bring you on board with the steps taken to turnaround the Department of Public Works; and, looking forward,
- To invite you to join me in a discussion on the transformation of the built environment.

Developing a Turnaround Strategy for Public Works

Since being appointed as Minister three months ago, I have taken the following steps:

- I have engaged in widespread consultation within the Department and amongst stakeholders in the construction and property sectors, including: Unions, Regions, Branches, and to some extent - entities of the Department and professional councils. In fact, I had said that I would start with a listening campaign – before making any public pronouncement on the way forward.
- I engaged a legal adviser to liaise directly with the SIU and other agencies to address issues of corruption within the Department. In this regard announcements will be made shortly.
- With the Department we held a major strategic planning exercise at the end of November – where we looked particularly at the threats and weaknesses of the Department;

- We withdrew financial delegations to regions and centralised the leases to ensure scrutiny and accountability. We are currently developing measures to ensure that this does not result in bottle necks.
- We have put in place certain short-term ‘stabilisation’ measures to address immediate weaknesses in relation to:
 - the Fixed Asset Register,
 - lease management
 - and to address audit problems.
- With the assistance of the Treasury Technical Assistance Unit (TAU) – and after detailed discussions with the Minister of Finance – I commissioned a ‘Rapid Report’ into the state of the Department. It is worth remembering that the Minister of Finance – when he was at SARS – led a highly successful turnaround strategy – so I am taking advice from the best. It is also important to bear in mind that the change process at SARS took ten years to effect – and is still proceeding!
- As part of the process of stabilising leadership within the Department I have appointed an Acting DG (Ms Mandisa Fatyela, formerly CD of the Strategic Management Unit) – whilst simultaneously moving to address existing ‘suspensions’ and the prevailing ‘acting’ situation which exists in senior management.

- On the basis of the Rapid Report and my consultations with stakeholders I announced at the end of January a series of measures to build capacity for further stabilisation projects, whilst beginning the process of fundamental review of the department's operations. These measures include:
 - Establishment of an Inter-Ministerial Committee to provide advice and political support to the department. This will consist of the ministers of Finance, Home Affairs, Public Service and Administration, Rural Development and Land Reform, and Monitoring and Evaluation in the Presidency.
 - The establishment of a Technical Advisory Committee to include members of Treasury's Technical Assistance Unit and other suitably experienced officials from relevant departments, together with representatives of the ministry and DPW to provide technical advice, operational experience and best practice elsewhere.
 - Third, the establishment of a Support Team under the Office of the Director General of the department. We need to create the organisational space and resources to oversee and manage the change process – both for purposes of stabilisation and longer term transformation. There is no point in putting such a team in the ministry – because ministers change with every election. That capacity has to be built and institutionalised around the office of the DG.

- The Support Team will include a core team to institutionalise and manage the change process, consisting:
 - A Team Leader to manage the process under the DG
 - A Change Management practitioner to manage consultation processes and communications with stakeholders – to get buy-in
 - A Business Strategist – to analyse business processes and systems of the Department
 - A Monitoring and Evaluation practitioner – to monitor, analyse and measure performance.

The team will be augmented with specific expertise as required in relation to:

- Public Finance Management
- Supply Chain Management
- Built Environment and construction management
- Property Management
- Systems Analysis and Re-engineering.

Don't be surprised if I come to you – in your entities and councils – to help me source these skills. In this regard I have to thank the CBE for allowing us to second Mr Mfezeko Gwazube who is greatly assisting us in Limpopo.

- The role of the Support Team will include:

- To monitor and support the short term stabilisation initiatives – to ensure that we get value for money; and that capacity is embedded in the department.
- To investigate other areas where short term stabilisation initiatives can add value relatively quickly and to draw up terms of reference for such projects and to monitor and evaluate implementation. An example of this would be implementation of the IDIP system to improve the planning and management of projects.
- To initiate a process of self-review in each functional stream of the business – mining the knowledge that is there in the department. These findings would form a basis for a more systematic diagnostic of the department which would point to priority areas for further attention.
- To draw up an agenda and strategy for more fundamental review and renewal of the Department, including systems re-engineering.

These measures I have announced, essentially begin to create an organisational environment which is conducive to support both further stabilisation initiatives and to steer the long term change process. This announcement is not an end in itself, but the beginning of a process of

change – based on the belief that only the people in Public Works can transform Public Works – but they won't do it alone.

Transforming the Built Environment and Job Creation

Let me start by locating what I have to say in relation to last night's State of the Nation Address. For our purposes there were two very powerful messages:

- The need to scale up our efforts in regard to job creation, and
- The centrality of strategic infrastructural investment to job creation and economic growth and development.

As DPW and as entities and professional associations operating within the built environment we have to ask what is our role and how do we contribute to achieving these imperatives?

At the level of job creation these debates are already going on within the Department and the EPWP Branch. But we have to look further, and ask if we are doing enough as a sector to create work opportunities, as well skilled jobs.

In relation to up-scaling infrastructure development, we have to review our current operations as a Department with a view to more effective delivery of services. The SONA raises a number of questions. What for example - given the emphasis on infrastructure projects for health and education – as well as transport - are the possible implications for actors in the built environment industry?

As we ponder our response to the imperatives of the SONA, we also need to engage with fundamental policy issues around the transformation of the built environment. I would suggest that the priorities include the following:

- Skills development and the production of built environment professionals through the strengthening of the skills pipeline – many of you here today have a crucial role to play here;
- Job creation has already been mentioned – and the need to take seriously labour intensive methods – obviously with an eye on viability in differing circumstances;
- The greening of the built environment – with the stress on sustainable development, reducing carbon emissions as well as the creation of green jobs and green products which also enhance the living conditions of our people;
- Transformation of the construction and property sectors to better reflect the demographics of the country.

This is a tall order, but even as we grapple with the immediate challenges that face us at the DPW, I am reminded that the fundamental issues of transformation of the built environment cannot be put on hold.

But we can only tackle the big issues, if we have put our own house in order. I am referring to the Department, but also to the entities and the professional councils.

The key issue for all of us here is to clarify national goals in order that the built environment industry can respond appropriately to implement government policy and priorities.

Let me try to articulate the public interest role in the built environment industry and the Executive Policy Custodial role of the Minister of public Works as I understand it to be.

Key to understanding our strategic goals is the Medium Term Strategic Framework – the base government planning document – for the electoral mandate period 2009 – 2014. It is a statement of intent identifying the main priorities for that period, whilst taking into account changing global and domestic circumstances and making the inevitable trade-offs and choices.

For the period of my tenure as the Executive Authority – however long or short that may be – it is imperative that I should lead a process of engagement with all stakeholders to ensure that we develop a common vision of what will be the shape, size, character and complexion of development within the built environment. In order to move forward – together – we need to:

- One, clearly analyse the status quo. This would include looking at:
 - The number and size of firms, and the concentration levels in the sector, and the degree of substitution
 - The growth dynamics of the industry,
 - The relative power of suppliers and buyers in the sector,

- Strategies and levels of competition in the sector, and barriers to entry – and barriers to exit,
 - Economies of scale,
 - Skills levels and the learning/experience curve for the sector,
 - External factors affecting the industry.
- Secondly, we need to develop and define a future desired state of affairs,
 - And we must agree on strategies to move the industry towards the desired state, and
 - We have to put in place mechanisms to measure and evaluate the effectiveness of what we do.

As actors and stakeholders in the Built Environment space we have a difficult task to perform:

- We seek to implement the electoral mandate for transformation and the legislated interventions of the developmental state,
- Whilst mindful that we can only succeed if we manage to harness market forces and the existing resources in the industry to support the change agenda.

I have been reminded by colleagues – and by many of you in this room – that there is nothing new here. Indeed, the point has been made that there is a

tendency for each new minister to hold a massive policy conference – and then.....nothing happens. We need to break that cycle.

The first thing that needs to happen – is to go back and pick up on the good policy work that has been done already and then ask why there been no progress towards implementation? I have requested the documentation and recommendations from the last Policy Indaba in 2010 - so that I can apply my mind and respond to the sector on the proposals that have already been tabled.

Having said that I will also be calling a policy conference on the transformation of the built environment – probably at the end of this year or early next year – with the intention of consolidating and building on what we already have on the table – but with a clear focus and view to implementation.

Let me close with two quotations from the President’s State of the Nation Address:

- *“The triple challenge of unemployment, poverty and inequality persists despite the progress made. Africans, women and the youth continue to suffer most from this challenge.”*
- *“For the year 2012 and beyond, we invite the nation to join government in a massive infrastructure development drive.”*

I would suggest that in all that we do we keep in mind that triple challenge – whilst simultaneously we take up the President’s invitation to join the national infrastructure drive.

I thank you.