

DEPARTMENT OF PUBLIC WORKS
BUDGET VOTE SPEECH TO THE NATIONAL ASSEMBLY
THE MINISTER OF PUBLIC WORKS, MR GEOFF DOIDGE, MP

05 MAY 2010

“Shifting the paradigm for accelerated service delivery”

Honourable House Chairperson
Honourable Deputy Minister of Public Works, Ms Hendrietta Bogopane-Zulu
Honourable Members of the Portfolio Committee on Public Works
The Acting Director-General of the Department, Mr Sam Vukela and all Senior
Officials of the Department of Public Works
Representatives of our Public Entities
Members of the media
Distinguished guests
Ladies and Gentlemen

The struggle continues....

As we forge ahead towards the centenary of the African National Congress in 2012, reflections on the long road travelled occupy daily thoughts and it is unavoidable that reflections give way to recriminations, lessons learned and the long road still ahead in achieving a better life for all.

Honorable Chairperson,

In my budget vote speech last year, I shared with this House my thoughts on reviewing, reshaping and rejuvenating the Department of Public Works, to raise the bar in our efforts to deliver efficient services and to perform and deliver property development and management services that measure up to industry standards. I also spoke of undertaking a Turnaround Strategy within the Department, with the intention of optimizing performance and efficiency on all levels so that we may reclaim the Department's mandate.

For our part as the Department of Public Works, we have insulated these strategic imperatives as anchors to our Turn-Around Strategy. This strategy aims to improve functional efficiencies, inject new performance energy, improve optimal service delivery, and enhance organisational excellence.

We are committed to align our budget and programmes to specifically contribute to the following government outcomes:

- Create decent employment through inclusive economic growth;
- Ensure efficient and effective development-oriented Public Service and an empowered and inclusive citizenship; and
- Sustainable human settlements and an improved quality of household life.

In pursuit of the afore-mentioned outcomes, the Department welcomes the allocation of R6.4 billion for the financial year 2010/2011.

In line with our new ethos to raise the bar in service delivery and client relationship, the Department has just handed over the pristine Civitas building in central Pretoria, to the Department of Health, ensuring that they (Health) have an integrated Head Office accommodation out of which they will drive policies to improve health services in the country. The Civitas project marks our first groundbreaking A Grade model in the provision of world class Government accommodation and is indicative of our ambition to rejuvenate our competitiveness in the property management industry.

In October 2009, the Department handed over the completed Phase One of the renovated WaterKloof Air Force Base to the Department of Defence for utilization. Phase Two, encompassing the upgrade of taxiways and stormwater drainage, is due for completion in May 2010. The Secondary Runway and electrical infrastructure are currently underway leading to full project completion in 2012. This project is a strategic imperative to complement our international commitment to a better Africa and a better world.

This year we aim to complete the building of the New Generation Prison in Kimberley, and work has begun with the construction of the Correctional Facility in Tzaneen.

The Department plays a pivotal role in contributing to the inclusive and shared growth path of the developmental state. In this regard, the allocated R1.3 billion Capital Budget will be channelled towards capital infrastructure projects for this current year undertaken by the Department. The augmented R612 million allocated to the Property Management Trading Entity will be committed to maintenance and refurbishment of government buildings.

In utilising these funds, the Department gives effect to accelerating inclusive and shared economic growth by continuing to role out a state-led infrastructure investment programme and promoting strategic investments in productive activities.

Inherent in our capital programme will be the accelerated drive to improve access to all state buildings for persons with disabilities. This will align with the Department's draft Policy Framework for persons with disabilities which aims to promote employment equity, social inclusion and economic empowerment, in line with the ethos of a caring nation.

Honourable Chairperson,

The Expanded Public Work Programme (EPWP) continues to be a strategic intervention to alleviate poverty and unemployment through the creation of labour intensive work opportunities.

At present, 604 000 work opportunities have been created. The target for this current year is set at 642 000. We intend achieving these targets through labour intensive projects and increasing labour intensity of existing projects and programmes.

Participating in the EPWP is not only about number crunching, but remains essentially a commitment to promote a human-rights-oriented public service delivery culture, characterised, amongst others, by caring for the elderly and sick, educating pre-school children, rehabilitating and cleaning up our environment, as well as upgrading and maintaining crucial infrastructure such as roads, bridges, water and sanitation through the labour intensive or labour absorbing service deliver models mentioned earlier.

The recent handing over of the pilot project of three bridges in the local municipalities of Intsika Yethu, Port St Johns and Umzimvubu in the Eastern Cape, which were constructed as a result of the Department of Public Works funding the project, and utilising the specific bridge-making expertise of the Department of Defence & Military Veterans, is indicative of a responsive government. School children and the elderly can now safely cross rivers to get to schools and clinics without risk to life and limb, especially when rivers are flooded.

The Department will strive to ensure best use of the existing assets, and to balance the ownership and lease portfolio. Furthermore, by 2013, ninety per cent of state land will be vested, in accordance with the National Vesting Plan, developed in consultation with the provincial governments and the Department of Land Reform & Rural Development. A task team chaired by myself, which includes Ministers Nkwinti, Gordhan, the Auditor-General and the Accountant-General have as our key focus, the management of state property. We will be re-convening shortly to consider the technical report from the team headed by the Accountant-General.

The Plan to establish the Amnesty Call Campaign is quite advanced and the launch of this initiative in this financial year will further encourage those in illegal possession or occupation of state assets to surrender them without having to face prosecution.

Our Black Economic Empowerment Property Management proposition and the Property Charter ensure that we promote real economic transformation in the property sector in order to enable meaningful participation of black people, especially women and youth. We will continue, as part of our growth path, to ensure that BEE and black companies are empowered through the Department's procurement processes. Going forward, we will be monitoring this very closely to evaluate the impact of market concentration and market abuse. An intervention is currently underway, which will include, among others, the interaction with stakeholders in the property sector. **There is huge potential for improvements in this regard.**

Honourable Chairperson,

On the matters raised by the Auditor-General in his last report, I am pleased to announce that the process of cleaning up the Property Management Trading Entity is at an advanced stage, including financial systems integration, risk management, and a substantial reduction in the debtors' book.

The Department is also finalising the business case on the establishment of a Property Management Entity (PME), as a strategic measure to improve management of its asset portfolio and enhance the value chain. It is envisaged that the PME will offer a professional, seamless and integrated functionality, thus restoring value for money, improving operational efficiencies, offering quality service delivery and achieving client satisfaction.

The lack of timely payment by government to Small, Medium and Micro Enterprises has been raised. This has to stop! The launch of the Re Ya Patala (We Pay) initiative by the Department in 2009 has committed us to ensuring that there is strict adherence to the 30 days payment policy, as provided for in Public Finance Management Act for services rendered. As such, we will continue to monitor that this practice is not breached.

On the land and ports of entry and our African agenda, the Department has been instrumental in delivering infrastructure projects under the aegis of the Border Control Operating & Coordinating Committee (BCOCC).

Ahead of the FIFA Soccer World Cup Tournament, the Department initiated redevelopment projects at four land ports of entry bordering **Mozambique** (Lebombo /Ressano Garcia), **Swaziland** (Golela), **Namibia** (Violsdrift) and **Botswana** (Skilpadhek), to address the envisaged increase in movement of people and goods passing through these various Ports of Entry during the 2010 event and beyond, but also especially facilitating commerce, encouraging cross-border people mobility whilst restricting movement of illicit goods and people. Most of these are nearing completion.

Also completed are a number of infrastructure initiatives in the continent, including the construction of the O.R Tambo memorial complex at Kawaweta in Uganda. Described as one of the most remarkable projects ever to be developed by Public Works, the Kawaweta project was recently officially opened by the President on his state visit to Uganda.

Honourable Chairperson,

Public Works is an area of concurrent legislative authority listed in Schedule 4 of the Constitution. Both the provincial and national legislatures have legislative competence in relation to the matters listed in this schedule. This concurrence often leads to some confusion in practical terms, and requires a closer study of other constitutional provisions regarding which sphere of government will prevail over another and in what circumstances such prevalence is permissible.

Achieving these strategic imperatives demand that the Department attracts and retains relevant skills formation. Equally, it requires that the Department is properly structured and has proper systems, process and policies. As part of our turn around plan, we will ensure that critical skills are concentrated in the core business of the Department, to bring about an agile, responsive and result-driven organisation, supported by prudent systems and information technology.

While we have registered strides on the financial management front through internal controls and improved accountability, we will continue to make certain that the state resources are utilized in an efficient way.

As part of promoting accountability and integrity management, the Department has commissioned the services of the Special Investigative Unit. This follows consistent allegations of continued financial mismanagement, deliberate inefficiencies, escalation of costs, non-compliance with proper supply chain management processes, lack of integrity around the procurement processes, wasteful and fruitless expenditure within the Department.

I would like to reiterate that any form of graft or dishonesty will not be tolerated. Not on my watch!

Honourable Chairperson,

Optimal excellence and quality service delivery demand that our public entities share the same vision of the Department, and are responsive to our developmental agenda. Hence, we continue to sharpen the focus of Construction Industry Development Board, Council for Built Environment, Agrément South Africa and Independent Development Trust.

The Independent Development Trust, as the development agency within the Public Works family, will continue to pursue its developmental model of social infrastructure delivery, which uniquely balances outputs with development outcomes.

Not only is 85% of the IDT's work located in rural South Africa, but the IDT will also advance the Comprehensive Rural Development Strategy, building in the pilot with they concluded on behalf of the Department of Rural Development and Land Reform in 2009/10.

Emerging contractors have raised their concerns and suggestions on some of the registration regulations. In this regard, a review of some of these regulations is underway. This review will ensure that emerging contractors progressively benefit meaningfully in the construction industry. In particular, CIDB will with immediate effect pursue the developmental objectives, including the *National Contractor Development Programme*, construction site health and safety, and enhancing infrastructure delivery skills" and these will be key performance improvement priorities. In addition CIDB plans by the end of the year "to develop financing models based on implementation of various banks Memorandum of Understanding." These are two of the initiatives planned to begin addressing the challenges of the emerging contractors.

The CBE and the Professional Councils have increased the number of university programmes accredited by the professions. The CBE, the six Councils and Sector stakeholders have an important role to play in enabling the human resource development strategy in the built environment and professions in support of achieving the outcomes of the National Human Development Strategy.

Agrément SA continues to fulfill an important role by facilitating the introduction, application and use of innovative and non-standard construction products. It is important for us to finalise an organizational model that will best enable Agrément to significantly increase its delivery capability over the next budget cycle.

Honourable Chairperson,

On the legislative front, the Expropriation Bill will be tabled next year. It is currently receiving attention in our Department, and is coordinated with the Department of Rural Development and land Reform. The joint technical teams are at work, and both Ministers will be receiving the report soon. As a Department, we are of the view that this legislation is imperative for real economic transformation in our country, more importantly, as we move towards the centenary of the 1913 Land Act.

The review of the State Disposal Act of 1961 is currently receiving urgent attention. Equally, the review of the Department's White Paper is in the pipeline.

As I conclude, I would like to reiterate that we will continue to ensure that our core mandate supports the principles and ethos of our developmental state.

As part of reclaiming our mandate, we will have to revisit the resolution that devolved the capital budgets to line Departments. We will be engaging with Parliament and Cabinet on this matter to ensure that proper consultations are done as we seek to improve instruments of efficiency and service delivery.

This Department will continue to put people first in its service delivery ethos.

We will continue to turn around the operational mode on how we conduct our business, and realign our outputs to our strategic national outcomes. This we do, fully aware that it would be a long, arduous struggle which would require vision, determination and commitment.

It is incumbent upon us to work in unison, to construct a social compact with all stakeholders that will harness our collective resolve, underpinned by our shared values and common vision.

Honourable Chairperson,

Finally, I want to thank the Deputy Minister, Ms Hendrietta Bogopane-Zulu, the Acting Director General, Mr Sam Vukela and all those senior managers who ably stepped in where vacancies existed to ensure that work continued unabated. Soon we will be announcing the successful candidates for the posts of Director-General, Chief Operations Officer and the vacant Deputy Director-General posts once Cabinet has approved the submissions. To the department, I say, we must always remember our central theme: **this is the Year of Action, to make government work faster, harder and smarter with less.** I thank the Portfolio Committee on Public Works under the leadership of Mr. G. Olifant for his leadership in the Portfolio Committee and we look forward to him enhancing the constructive oversight role of the Portfolio Committee. Lastly, I thank the Chief of Staff in the Ministry, Anusha Pillay and her able team for their commitment and support during difficult times.

I ask this house to approve budget vote 6 of the Department of Public Works.

Thank you!