

Keynote Address by the Minister of Public Works, Ms Thoko Didiza on the occasion of the launch of the National Infrastructure Maintenance Strategy

Venue: Riboville Restaurant, Cape Town

Date: 21 May 2008

Programme Director

Deputy Minister, Ntate Kganyago

Members of Parliament

Director General of the Department, Mr Moroka

Senior Management

CEO's of entities

Industry representatives

Distinguished guests

Ladies and gentlemen

As part of addressing the bottlenecks on the growth of our economy, Deputy President Mlambo Ngcuka noted the fact that a lot of our critical infrastructure need rehabilitation and maintenance if we are to sustain our economy. She also emphasized that maintenance plan for new assets must also be factored in the delivery of new infrastructure. She went further to say given the enormous need for the maintenance on existing assets, maintenance can actually develop to an industry of its own. This observation by the Deputy President was further highlighted by the SAFCEC /SAIEC in their report on the Performance of South Africa's infrastructure.

This agitation on this matter by the Deputy President propelled us to find solutions that can address indeed the problem in the short, medium to long term.

The National Infrastructure programme we are launching today is a response to dealing with the problem we face in our society today. I want to salute everyone who has been part of this effort to draw up the strategy. Your hard work is appreciated. And now, we need all hands on deck for the even harder part of actually implementing the strategy.

The National Infrastructure Maintenance Strategy draws extensively on a framework document developed by the Department of Public Works, the Construction Industry Development Board (cidb) and the Council for Scientific and Industrial Research (CSIR). Even our Department has been tasked with leading the implementation of the programme to deliver on the strategy, we will need all government institutions to come to the party if we are to make a success of this task.

All three spheres of government, together with the State Owned Enterprises, manage major portfolios of immovable infrastructure assets. While there is much emphasis on “delivery” of infrastructure, delivery does not end with the commissioning of the infrastructure asset. Once the infrastructure has been commissioned, various activities must be carried out which are necessary to ensure that it continues to perform such as the allocation of necessary budgets and the retention of appropriate staff to maintain the operation of the assets. “Delivery” needs to be universally understood as embracing not just constructing the infrastructure, but the appropriate operation and maintenance thereafter, for the whole design life of the asset.

All spheres of government, as well as state owned enterprises (SOEs), face the challenge of operating and maintaining infrastructure, although to varying extents. Some public sector institutions maintain their infrastructure at a high standard. Budgets are adequate, skilled staff are in place, leadership is

committed, and policies support sound infrastructure maintenance practices. Other sectors have lagged behind, but the risks of this are recognised, and in some sectors maintenance needs are being addressed by targeted programmes. Of wider importance than programmes targeted at individual sectors, the Government Immovable Asset Management Act was passed into law last year and guidelines for asset management planning have also been drafted. The Act is binding on national, provincial and local government and will guide improved public sector infrastructure.

Despite the good performance in some sectors, there is strong evidence that in other sectors much of the infrastructure, of both pre- and post-1994 vintage, is not being properly maintained. Older infrastructure is often not being refurbished and renewed when it needs to be, and there is inadequate planned preventative maintenance on new infrastructure

Generally, the larger institutions are performing the best with regard to maintenance - for example DWAF water resources, the larger water boards, Airports Company (ACSA), Telkom, Eskom, national roads (SANRAL), Transnet and most of the metropolitan municipalities. On the other hand, some services in some of the rural-based municipalities have already failed. From an accrual accounting perspective, there is no real saving in reducing maintenance budgets, because the resulting reduction in asset values is greater than the saving in maintenance. Furthermore, there are other significant costs associated with inadequate maintenance and consequent breakdowns, including loss of production which can cause serious economic loss, in some cases health risks, injury or loss of life, and the cost of alternative emergency measures needed during breakdowns.

Given that some public sector institutions are not likely to be able to improve their maintenance policies and practices without strong direction and assistance from

national government, a holistic national infrastructure strategy is needed, to ensure that existing and new infrastructure is maintained in good working order.

Infrastructure maintenance must be regarded as a strategic tool to promote improved service delivery, to unlock funding to extend infrastructure to historically disadvantaged communities, and to support the nation's economy. Maintenance of existing infrastructure should not be seen as of secondary importance to the apparently more attractive prospect of new infrastructure. Appropriate infrastructure maintenance also creates jobs. For example, maintenance needs to be done year after year, and personnel to do this maintenance will therefore always be needed – not just for the limited period of construction, but also for the whole of the designed life of the infrastructure. Furthermore, much maintenance can best be done by labour intensive methods, and it is thus important that government's plans for employment creation and the Expanded Public Works Programme give prominence to maintenance. There is also substantial scope for maintenance contracts to promote SMME development, Broad-Based Black Economic Empowerment (BBBEE), involvement of women and youth, and local employment coupled with appropriate enterprise development.

The situational analysis that was done during the compilation of this strategy clearly shows that without a proper maintenance plan, we will be in deep trouble as a state in a very short while. The current trend shows that infrastructure maintenance is very uneven and can be broadly categorized into two: one category comprising of big parastatals and municipalities whose track record is good to satisfactory and the other category of small municipalities, struggling to provide any modicum of infrastructure maintenance.

It is evident that a holistic national infrastructure maintenance strategy is needed. Whereas Category A public sector institutions are on the path to sustained infrastructure service delivery through maintenance improvement, it does not seem that Category B institutions will (with a few exceptions) be able to improve

their maintenance policies and practices without strong direction and assistance from national government.

Improved maintenance of infrastructure is a key element of the realisation of the objectives of ASGISA. By improving infrastructure asset management planning, budgeting and implementation, public infrastructure will be maintained in such a way as to enable sustainable service delivery, increased economic growth, and increased access to services and economic opportunities for the poor.

In addition, maintenance is usually highly labour intensive, and there are opportunities for contributing to the scaling up of the Expanded Public Works Programme through increased maintenance of infrastructure. Furthermore, since there will be an ongoing need for maintenance, and since most maintenance activities are repetitive, expansion of the maintenance industry will provide increased opportunities for long-term employment.

There are four thrusts to this National Infrastructure Maintenance Strategy, implementation of which will lead to the achievement of this vision, comprise:

- i. Strengthening the regulatory framework governing planning and budgeting for infrastructure maintenance.
- ii. Assisting institutions with non-financial resources.
- iii. Developing the maintenance industry.
- iv. Strengthening monitoring, evaluation and reporting, and feeding this into a process of continuous improvement.

Infrastructure maintenance is strategic tool as it offers outstanding opportunities for economic stimulation as jobs are created, capital expenditure goes further and sustainable delivery can be achieved while political imperatives and community aspirations can be met.

Now, all shoulders to the wheel and let the work begins.

I thank you.

