



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

**MINISTER OF PUBLIC WORKS
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LEKGOTLA

Strategic Planning Workshop

**18 – 19 November 2013
St George Hotel, Irene**

Keynote Address: Minister TW Nxesi

PROTOCOL and welcome.

Colleagues welcome all. It is fitting that this Lekgotla takes place in this venue. This is where it all started for me. This is where I attended my first strategic planning session with DPW officials – only a few weeks after I was appointed.

It has been a steep learning curve – made easier by the support and knowledge of the many hard-working committed officials in this Department.

In the time available I intend to cover the following:

- Setting key focus areas for the next MTSF (Medium Term Strategic Framework) – indeed this is listed as the main input from the Minister and the DM in the Lekgotla Programme
- Then I want to spend some time discussing what we as a Department need to do in order to deliver on those MTSF priorities

- Of necessity this will require that we analyse where we are coming from, the progress we have made in terms of the turnaround strategy, the challenges that remain – and above all the vision and objectives we set for ourselves.

Medium Term Strategic Framework 2014-2019

The Cabinet Lekgotla which took place in August this year spent a lot of time reflecting on the whole outcomes based planning process for the next MTEF.

It was very clear that the approach is one of greater integration of the different elements of planning. This would include the following:

- In the new MTSF we have to ensure all plans are aligned to the NDP (National Development Plan).

Indeed the MTSF will form the first 5 year building block of the NDP.

- In the departments of government, we have to ensure that departmental StratPlans and APPs (Annual Performance Plans) align with the MTSF – which process is to take place up to early 2014.
- Departments will be required to report against their Stratplans/APPs – which by definition will include departmental commitments to the outcomes listed in the MTSF. (By the way, the number of outcomes goes from 12 to 14.)
- After the 2014 elections – new Performance Agreements between President and ministers will be based on MTSF targets/indicators.
- Draft chapters of the MTSF are being circulated – and it therefore becomes important that ministers

and DGs engage with the sections relevant to their departments in the coming months.

The exciting part about this is that the goal is to have the new MTSF ready for consideration by Cabinet immediately after the 2014 elections. Instead of spending the first few months working on the MTSF, the new Administration will hit the road running. We will be able to say that we have done the planning – and the focus then becomes immediate implementation and delivery.

This is why I say we can be excited. We have an Executive which is thinking and planning ahead – for future success. As DPW we are a part of that process – and this Lekgotla feeds in to a grand plan and road map which takes us to 2019, and beyond.

On a lighter note – maybe I should rephrase: instead of saying ‘we can be excited’ I should have said: ‘you can be excited’ – because of course there is no guarantee

that the DM and myself will be a part of this process after the elections.

Let me briefly list the envisaged 14 outcomes. Whilst we contribute in some way to all of these outcomes, I will just flag where Public Works has a very specific contribution to make:

Outcome 1: Quality basic education

- SIP 13 and the school building programme – working with and through IDT

Outcome 2: A long and healthy life for all South Africans

- Construction of health infrastructure – part of the mandate of this Department and IDT to deliver social infrastructure.

Outcome 3: All people in SA are and feel safe

- Again provision of infrastructure to the justice and security cluster.

Outcome 4: Decent employment through inclusive growth

- This includes a commitment to ‘expanding public employment schemes’ – to empower communities and youth.

Outcome 5: Skilled and capable workforce to support inclusive growth path

- We have made a commitment to rebuild the technical and professional capacity of Public Works – and to contribute to the country’s skills development programme particularly in relation to the built environment.

Outcome 6: An efficient, competitive and responsive economic infrastructure network

- There is a reference to the fact that ‘maintenance programmes are lagging’ – in regard to public infrastructure.
- Two things are happening – infrastructure is degrading and we are losing capacity to undertake normal planned maintenance – in relation to state assets.
- We also need to ensure the maintenance of new infrastructure, which also requires training people to do the work.
- NIMS – National Infrastructure Maintenance Strategy – approved by Cabinet for implementation by DPW is very important therefore – to maintain state assets; retain value; and train skilled maintenance operatives.

Outcome 7: Comprehensive Rural Development

- As DPW we have been discussing the need for a programme of regenerating small towns. This is a conversation that needs to be broadened to include Rural Development and other relevant departments.

Outcome 8: Department of Human Settlements

- In order to achieve adequate housing and improved quality of living environments, the call has been made to fast-track the release of well-located land for housing and human settlements targeting poor households. Clearly DPW has a role here.

Outcome 9: Responsive, accountable, effective and efficient developmental local government system

- One of the sub-outcomes calls for local public employment programmes to be expanded to improve

services. I know that this is an area that EPWP is focusing on currently.

Outcome 10: Protect and enhance our environmental assets and natural resources

- The objective is to ensure that ecosystems are sustained and natural resources are used efficiently. Again EPWP is already involved here – and this is an area where the DM is particularly involved and may wish to say more at a later stage.

Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world

Outcome 12: An efficient, effective and development orientated public service

Outcome 13: An inclusive and responsive social protection system

A key element of this is income support for the working-age poor through public works programmes.

Outcome 14: Transforming society and uniting the country

- We are going to have to think creatively about this one, but the elements are already there:
 - Our mandate includes to transform the construction and property sectors
 - We have a role to play in relation to land reform and the land question.
 - In relation to spatial planning – we have a critical contribution to make in transforming inherited apartheid spatial planning – uniting the country spatially if you like.

The Cabinet Lekgotla also reflected on progress made against SONA (State of the National Address) commitments:

Just to flag some of the commitments relevant to DPW:

- The fight against corruption, tender fraud and price fixing in infrastructure programmes
- Job creation and economic growth – particularly to address youth unemployment
- Eradication of mud schools
- Payment of suppliers within 30 days

We have made progress on these commitments – but not as much as we would have hoped in some cases. It has also exposed weaknesses – such as the lack of capacity to manage infrastructure projects – eg the schools building programme.

In order to avoid making commitments which are not met, in future, Cabinet has said that ministers should only recommend commitments for SONA which are already planned and budgeted and contained in APPs.

The Turnaround: Rebuilding Public Works

Let me turn to look at where we are coming from. When I announced the Turnaround Strategy at the end of January 2012, I made the point that ‘turnaround was a process, not an event.’ How true that was.

Back then, quite honestly, I had only a vague sense of the enormity and complexity of the process we had embarked upon. The size of the turnaround project clarified only later as we learned more. Indeed, by the second half of 2012 we were talking about a Seven Year Plan – working closely with National Treasury to develop the plan. In fact at that stage we no longer

talked about ‘turnaround’ - rather, we now talk about ‘Rebuilding Public Works’.

By the way, I need to be assured that the 7 Year Plan has been finalised and signed off with National Treasury.

So, what does it mean: ‘rebuilding Public Works’? In other words: what is it we are seeking to do, and why?

- First, it requires that we clarify our mandate and core business as Public Works. Basically:
 - DPW is the custodian and manager of state immoveable assets – including the provision of accommodation to government departments and entities. This involves a number of major sub-functions:
 - Asset investment management – from acquisition to disposal
 - Property, facilities and lease management,

- And construction project management.

This is the core business and service that DPW provides allowing all other departments and branches of government to do their work.

- DPW is also mandated to develop policy, regulate, and transform the construction and property sectors. This we do together with our entities that report to Public Works.
- Of growing importance, DPW also coordinates the government's Expanded Public Works Programme – which helps provide a social security safety net, work opportunities to mitigate unemployment and promotes skills development.
- Secondly, we have to interrogate the current way we do business:

- To check that we are actually achieving in terms of our mandate, and
 - To see where we can improve performance so that we better service our clients. And this is a crucial point: ultimately it is the clients who will decide whether Public Works is delivering. And as we have seen - they will vote with their feet.
- Third, we have to do all this with a clear focus on our deliverables in terms of the MTSF and the NDP.

Turnaround: Guiding Principles

Remember when we embarked on this turnaround journey we said that there would be different phases:

- Immediate stabilisation
- Implementation of new structures and systems for business improvement

- And long-term growth and sustainability - a phase of continuous improvement.

But we also said there was no Chinese Wall between the phases. Basically, we had to stop the bleeding, but start planning and taking decisions for longer term improvement and transformation.

That has been the approach and we have made real gains – improved audit findings and our improved standing with parliamentary committees reflects this. But gains have been uneven – and not as much as we would have liked. But that is the real world of constraints and blockages. That is the challenge of trying to make changes whilst simultaneously keeping the business going.

In the rest of the time available to me I am going to suggest, that as you plan strategically over the next two days, you bear in mind the following considerations:

- That, over the next 4 – 6 months, we need to consolidate what has been achieved thus far;
- That we will be guided in our planning by government priorities; and
- Over the next MTSF we need to continue to:
 - Interrogate business processes
 - Implement improvements, and
 - Lay a solid foundation for the transformation and sustainable growth of Public Works in the long term.

From Stabilisation to Consolidation

Our broader vision for rebuilding Public Works can only be realised if we put our house in order. We have to keep up the momentum to address the systemic – as well as basic house-keeping - problems that we identified in the Turnaround Document almost two years ago.

You remember at the time we said that DPW was like a patient in the ICU. Today, there can be no doubt that the patient has been stabilised and the prognosis is much improved. Most important, the patient has woken up from a coma induced by lack of stable leadership, a sense of fatalism that nothing would change, in some cases denialism as to whether indeed there was a problem, and a general absence of mechanisms for accountability.

That mood has definitely changed. I see many committed officials grappling with the challenges – incrementally making improvements; turning the corner. If I were an American politician I would be tempted to say there is now a sense of: “Yes we can.”

So it is right that we congratulate each other when we do well: DG, CFO and A/DDG: AIM and your teams – thank you again for the improved audit outcomes in the last financial year.

But we dare not be complacent – and I will highlight some of the risks later.

Some of you have deadlines for the end of this financial year: especially for the clean audit project, the Immoveable Assets Register and in relation to leases. Effectively, you have less than 4 months. Make every day count – and if you are encountering blockages raise it with your principal and if necessary escalate it to the DG.

For the rest of the Department, you probably have around 6 months until the new Administration is in place. Make every day count. Imagine the collective pride and relief we will feel if we can be able to present the new Administration with a DPW which is:

- Measurably improved;
- Where we have addressed the basics; and

- Where the building blocks are in place to deliver on the next MTSF commitments and to carry forward the 7 Year Plan for rebuilding Public Works.

I see this period – until the new Administration after the 2014 elections – as a time to focus our efforts on consolidating the initiatives we have started in the last 1 to 2 years. You know what these are:

- ***The Clean Audit project;***
- ***A reliable register of state assets*** – the basic tool of our core business; and key to a clean audit;
- ***The Review of all leases*** – and implementation of a professional lease management system – so that the Head of PMTE does not have to run round the country putting out fires, and the DG can sleep at night without having to worry that another major client is about to be evicted.

- **The PMTE** itself – we need to see the interim solution bedded down – fully operationalised and staffed; and with clear progress towards the end plan of a government component. And here I want to raise concerns. My information is that:
 - We have not staffed the PMTE adequately – there are outstanding appointments which need to be finalised;
 - The PMTE is not yet meeting and cohering as a separate unit; and
 - We have not signed off on the interim solution, in terms of providing the necessary delegations.

To all those concerned – please tell me I am wrong, and you have this matter in hand. I don't need to remind you that the PMTE is at the heart of the business of this department – and is central to any successful turnaround and moving away from the disclaimer.

- ***In the Projects environment*** – and this goes for PMTE – we need to see the client-orientated strategy consolidated - with joint teams up and working for – and with - all the major clients.

In relation to projects, we need that overall planning and monitoring function – an implementation-oriented PMO – in place in the DG's office, ASAP:

- With line of sight across all projects;
- able to identify and address blockages; and
- able to coordinate all the support functions along a critical path to speed up delivery – and to move beyond the present chaos – a kind of relay race where the different branches point fingers at each other. We need coordinated planning and clear accountability.

One other issue for Projects, in our discussions in Mintop, there were references to old projects which had stalled – where even the client had

forgotten about them. This sounds like another can of worms about to be opened.

We will need a status report which identifies these projects and spells out the options for ourselves and for clients – so that we get these projects signed off or cancelled.

- **IT** – I know that the DG has been encouraged with work currently going on in the IT environment to improve efficiency and controls. In the current information technology era, no business can survive – let alone grow – without an appropriate and robust IT platform. If we can embrace this thinking we can radically increase the quality and speed of service to clients.

We need to implement a practical IT plan that builds on what we already have – but have never fully utilised – whilst focusing on supporting the changing

requirements of the various business processes of Public Works.

- **Structure** – by the time we hand over to the new Administration – we must have moved decisively towards implementing a structure for DPW – which actually reflects its mandate and core business. This is key to the second phase of the Turnaround: improving the business of DPW.

Structure continued:

Let me summarise some of the decisions we have already made:

- We have said we will review SCM processes with a view to establishing a dedicated branch (Remember procurement is the majority of the business of DPW as things stand.)

- We are committed to put in place a separate and enhanced Governance Risk and Compliance Branch - to fundamentally address issues of fraud and corruption, as well as the broader risks in our business environment. This needs to be bedded down.
- We have argued for a separate Professional Services branch to rebuild the professional and technical skills needed to run DPW and to equip a developmental state.
- In line with Cabinet and National Treasury decisions of 2005/6, we have to operationalize the PMTE. Crucially this involves a major enhancement of the roles of AIM (Asset Investment Management), IAR (Immoveable Asset Register), and Facilities Management and Property Management (including leases).

Principles underlying the structure

We have also spoken about needing to change the way in which we do business and some of the underlying guidelines and principles which should guide the development of the business model of DPW.

These include:

- *Client-centred service* – so we have put in place the joint professional teams and encourage engagement with clients – so that as DPW:
 - we know what the client wants, and
 - that is what we have to deliver on, and
 - the client knows what is going on and is fully participating in the processes.

So for example, instead of complaining that the client hasn't completed their User-AMPs, we walk them through the process – so we are all on board; we provide a service to the client; and it makes our job easier. A win-win situation.

- *Coordinated/integrated approach to delivery* –
 - We stop working in silos
 - We stop pointing fingers
 - We plan together, and
 - most important, we have to have *clear and direct lines of accountability* – with consequences - and this is what drives delivery.

- *On Regions* – we have to clarify our thinking on this.
We have said:
 - As DPW nationally we set policy, we plan and decide centrally, but the majority of implementation takes place in the regions – and the regions do not have capacity.

 - We have also said that we need direct lines of accountability across the whole value chain, so that, for example, Project Managers have a clear line of sight across individual projects – and their job is to:

- drive that project to be on time and on budget, and
- to coordinate the inputs of the other support functions.

A word of caution here: this is not a simple question of 'centralisation versus decentralisation'. The new structure actually calls for both – in different ways:

- *Centrally (National Office):*
 - A beefed up AIM taking the investment decisions – with clients – to drive the business, and
 - Drawing on a pool of talent to staff client-oriented Portfolio Management Teams with lines of accountability straight down to the point of implementation – wherever that might be.

The crucial point here is that you cannot claim to be a manager in the national office – taking the decisions, issuing instructions - and at the

same time you have no responsibility in regard to implementation on the ground. It is that disjuncture that lies at the heart of delivery problems in DPW.

- *At local level (regions)* – they need to be capacitated to monitor and quality assure the implementing agents or contractors.

This points to a flatter structure:

- To shorten lines of communication and speed up delivery between national office and regions, and
- A structure in which the regions are capacitated, but driven by the policy and investment decisions taken centrally.

We need to engage and clarify these ideas - both in terms of the business process, and the structure that would be necessary to deliver it.

There is a process in place – under the DG, led by A/DDG: Corporate Services. Participate. No one has anything to fear. This is the Public Service – no one will lose their job or be down-graded. But equally, this is not about anybody's turf. It is about aligning structure, mandate and business processes – to improve delivery to the client. And to move DPW in this direction we can have no sacred cows.

One final concern I have, is that we are not sufficiently – on a day by day basis – communicating the message of the turnaround. You know the risks: false rumours start and then people start to feel insecure. This speaks to the whole issue of change management.

We need to address this as a matter of urgency. Indeed, the DM and I will be embarking on regional roadshows from this week to get the message out, to engage with all staff, and to address any questions they may have.

The Big Picture: Priorities for MTSF 2014-19

I have taken a long – but necessary - detour before getting back to focus on the next MTSF. Basically, I am saying that we will only deliver optimally on the government's priorities for the next MTSF – and I touched on these at the beginning of my input – we will only deliver if we improve the way we do business as DPW.

For the details, refer to the 7 Year Plan, but let me list – what to me – are the main priorities for the next MTSF period:

- ***Structure and Organogram*** – embedding the new structure of DPW – some of the features and issues I have already discussed in this respect. But let me stress again:
 - IT
 - The relationship with regions

- And let me add the need for sound HR planning and practices.

- **PMTE** – the aim of a government component in place; crucially providing professional property management services to government:
 - A reliable comprehensive register
 - A professionally staffed AIM driving policy and investment decisions in the interests of our clients
 - Creating value and contributing to economic development and job creation
 - Contributing to spatial planning and transformation
 - Professional property, facilities and lease management
 - A smoothly running Prestige (*again, allowing the DG and the Minister to sleep at night.*)

- **Policy Branch** – a greatly capacitated and empowered Policy and Regulation Branch:

- developing policy, regulation and legislation reflecting best practice for the built environment, eg in relation to empowerment and labour practices and skills development;
 - actively leading the process of transformation in the construction and property sectors;
 - leading and setting standards for access, greening and sustainability.
- ***Professional services*** – rebuilding the core professional and technical capacity of DPW, including:
 - Joint teams – to better service clients
 - Reviving Workshops
 - Implementing NIMS, and
 - A proactive skills development policy and system to produce our own technical, artisan and professional staff.
 - ***Construction Projects*** – driven by an integrated and robust planning system and coordinating machinery which will also make possible:

- A greater degree of accountability built into the system;
- A much speedier throughput time for projects – whilst maintaining quality and within budget; and
- Also enabling us to budget realistically – and to spend that budget;
- **EPWP** – larger, smarter, innovative, re-invigorated, more integrated across the tiers of government – ‘EPWP on steroids’:
 - Qualitative changes which focus on improved services and infrastructure particularly in poor communities;
 - Addressing issues of the green economy and sustainability
 - And with every indication that we will get the political support to ensure that all government departments and entities across the tiers will be brought to the party.

In closing, at a previous Lekgotla I quoted from Martin Luther King's – "I have a dream". Well this may seem like a dream right now, but I believe it is doable. To quote another American politician: "Yes we can."

I thank you.