

**Minister of Public Works
Ms Stella Sigcau
10 May 2001**

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Budget Vote 2001

Madam Speaker
Honourable Members of this House

Introduction

It is my intention this afternoon to unfold what have been the highlights of the past year; some of the obstacles and challenges we have had to deal with and how we see a Public Works Department of the future.

As one of the limbs of what forms a broader South Africa, Public Works has to acknowledge that it too is a player in a global village, and as such it has learnt to harness the positive forces of the winds of change to create a better life for all of us.

Getting Public Works to work smarter

The National Department of Public Works has been working on a far-reaching programme to transform the way it operates, and to turn itself into a model of effective and accountable delivery. In short, Madam Speaker, we are talking about a Public Works that works smarter. The Department has engaged some of the best change management experts in South Africa and the world to support this transformation programme.

The Work-Smart transformation programme focuses on improving the performance of the Department as a whole. A programme that will ensure that we do not only spend the budget allocated to us, but also do it in a manner that makes the best use of scarce resources, and that meets the needs of both government departments and the people of South Africa in general.

As we develop the Work-Smart transformation programme, we shall be seeking input from Honourable Members of this House, from client departments such as Justice, Safety and Security, Defence and Correctional Services as well as experts in the private sector.

Madam Speaker and Honourable Members, in order to show this is a programme and not a talk shop, I would like to share with you our vision for the future of the Department and to highlight the main initiatives we are taking to ensure delivery excellence in the 2001/2002 financial year.

We are aiming to create, by early 2002, a State Property Agency that will be run according to commercial principles. This structure will allow us to create the focus and flexibility needed to provide government with its core requirements.

We do believe that the Agency's more focused portfolio, together with private sector involvement in the management of our properties, will bring innovation, flexibility, cost-effectiveness and continuous improvement - resulting in client satisfaction.

Working smart will turn our Department into an area of excellence with:

- A more robust Community Based Public Works Programme focussing on expanding the poverty relief programme
- A Construction Industry Development Programme under the leadership of the Construction Industry Development Board
- The recognition of the construction industry as a national asset
- A highly effective State-owned Property Agency.

BUDGET

In total, Public Works is presenting a budget for R3 521 587 000 or R3,52 billion for the financial year 2001/2002.

For the first time, new capital projects for government departments are actually included in their respective budgets – one more stepping stone towards implementing the "user pays" principle and bringing accountability to the point of service.

Action commitments for 2001/2002

Madam Speaker, Honourable Members, allow me to highlight our key financial and action commitments for the financial year 2001/2002 - on my Department's three core functions, namely:

- Ownership and management of government property and facilities;
- The Community Based Public Works Programme and the
- Development of the construction industry.

PROPERTY OWNERSHIP AND MANAGEMENT

Capital Projects

The provision and maintenance of appropriate physical accommodation to the government – everything from police stations to courts, to museums – remains the cornerstone of my Department's work.

For capital projects delivery the Department will be working on around R1,6 billion worth of government contracts during 2001/2002. Some of the most significant of these projects are:

- Magistrates' Offices at Khayelitsha in the Western Cape, at a cost of R26,9 million, confirming government's commitment to bring justice to the areas formerly sidelined.
- The implementation of the R127,9 million Constitutional Court on the site of the notorious Old Johannesburg Prison and
- A community safety centre in Galeshewe near Kimberley at a cost of R23,7 million, following the completion of similar centres over the past year in communities in the Western Cape, Northern Province and KwaZulu-Natal.

In these and other projects, our client departments and the public will already notice us making real strides in improving our delivery. Contributing to improvement are measures such as the client liaison forums and multi-year financial planning.

As early steps in our Work-Smart transformation programme, we have put in place a number of other measures to accelerate my Department towards operational efficiency. Chief amongst these is the introduction of Service Level Agreements between Public Works and all its clients.

These agreements will capture the fundamental responsibilities of each party to the agreement and will become operational in the 2001/2002 financial year. They will make Public Works accountable for timeous, cost-effective, quality delivery of projects, and are an initial step in creating a formalised business relationship between Public Works and the client departments.

Service Level Agreements will play an important role in eliminating the long lead times that, too often, have delayed delivery of capital projects.

My Department has also added high level project and budget management capacity to ensure full utilisation of its capital expenditure budget and improve on its operational efficiencies. In order to strengthen our capacity, we are strengthening our partnerships with the private sector, with the result that some of the big players in the construction industry have seconded their high-ranking officials to the Department to help improve operational efficiencies. We have also engaged the private sector to help us re-engineer, and greatly speed up, our project planning cycles.

All these measures will lead to client departments interacting on their priorities timeously and continuously, expediting delivery on projects, which will contribute to full capital expenditure on each year's budget.

Asset Management

Madam Speaker, since August last year, we have engaged some very talented people from the private sector to support us in dramatically improving our asset management. These individuals symbolise the "new citizen" of South Africa – they have made their time and intellectual capital available free of charge. Madam Speaker, allow me to acknowledge Mr Brian Jackson, CEO of RMB Properties, Mr Gary Fromentin of Lyons, and Mr Saul Gumede of Dijalo Properties for their contribution. (They are seated in the Gallery.) I would also like to thank Mr Banus van der Walt of Gensec Properties for seconding their professionals to my Department, and both Gensec and Lyons for training some of our property managers.

As a further important step in our Work-Smart transformation programme, my Department will shortly be issuing a tender to attract the most knowledgeable and experienced asset management company from the local and international market to act as our strategic partner. The purpose of entering into this partnership will be to extract the maximum value out of the government property, to minimise risk, and to respond speedily to our clients' needs. The company we select will help us during the transition towards outsourcing our property management.

Disposal of redundant properties

The Department remains committed to the disposal of State land in a manner that is fair, equitable and transparent and which promotes social and economic empowerment of previously disadvantaged persons, balanced against the importance of maximising the commercial potential of State fixed property.

To demonstrate our commitment to the swift disposal of redundant state-owned properties, the Department on 29 March 2001 presented a successful conference on government property disposals in which property valuers, developers and financiers took part.

This followed the earlier announcement of a disposal programme that identified large properties as well as no less than 12 redundant military bases, a process which it is believed will generate more than R1 billion to the coffers of the State.

The large properties are at various stages of adjudication.

A property in Brooke's Hill (Summerstrand) Port Elizabeth was the first to be made available to the private sector on the basis of development proposal calls. The tender has been awarded to Sisanda Development Properties in February 2001 for R630 000.

Development proposals for the disposal of a 150 ha site in Midrand, south of the Development Bank of Southern Africa closed on 13 February 2001 and valuation is being done. Four proposals were received.

Invitations for development proposals for the disposal of a site in Silvermine, Cape Town and the Old Supreme Court in Pietermaritzburg have been finalised and advertisements appeared in the media in January 2001. The closing dates for development proposals were 8 May 2001 and 10 April 2001 respectively.

In the past financial year, the Department has released a total of 108 properties. Of these, 70 properties with a total extent of 14 818 hectares, were disposed of at no charge, in order to satisfy key socio-economic objectives – mostly for land reform, housing development and the construction of new educational facilities.

Leasing Portfolio

As part of the Work-Smart transformation programme, my Department has begun working to introduce effective business processes and management systems to our leasing portfolio. The inertia created by the lack of these business imperatives has led to gross weaknesses in the past, most notably costly problems associated with vacant and under-utilised properties as well as overpayment of rentals.

In an effort to flush out over payments, the Department initiated a project in August 2000 to physically inspect leased properties on a national basis. Problems were discovered in 13% of the leases – some 700 in total.

We have identified overpayments and losses due to properties being vacated without proper notice. We are in the process of negotiating with the landlords on the early termination of leases. A further corrective measure is contained in the Memoranda of Understanding that we are signing with our client departments. Our regional

offices have succeeded in saving R5 million through the re-negotiation of lapsed leases to date.

COMMUNITY BASED PUBLIC WORKS PROGRAMME

Madam Speaker, Honourable Members, let me now turn to the second major function of my Department, the Community Based Public Works Programme (CBPWP).

It is my privilege and pleasure to announce that, for the first time in the recent history of this poverty relief programme, my Department has spent its entire budget for two consecutive financial years. In line with the Work-Smart transformation programme, we have also sharpened our organisation to be even more effective in delivering public works programmes to the people.

I know that many Honourable Members have found the name "Community Based Public Works Programme" a bit of a mouthful, particularly after lunch, so you will be pleased to know that we are giving it the brand name. *Letsima* - or in some parts of the country, *Ilima*, - denoting the African work ethic of doing things together.

Madam Speaker, in 2000/2001, the then-CBPWP built 981 community projects and created job opportunities for 22 619 people from a budget of R374 million, employing 43% women and 42% youth. As victims of apartheid injustices, African rural women directly endured inequalities of the migration labour system, forced removals and a lack of welfare systems, earning them an unenviable mantle as bearers of triple exploitation i.e experiencing oppression as women, rural people and blacks.

Allow me to quote two women who participated on CBPWP projects:

Olga Hlongwa from Umbumbulu said: "*This area had experienced poverty, but with the coming of these projects the lives of the people have changed. We are now able to buy food, take our kids to school or to take them to the clinic.*"

Mrs Goodness Mhlongo who is the breadwinner in her family and has been employed for the first time in her life, confessed that she now experiences some self-worth. She said: "*My life was changed through the projects in our area. ... The community is very excited about the projects. The area where these projects are, used to be a bush and we used to be afraid to go past the area at night. Now it has been transformed into a mini-town.*"

With a budget of R378 million, Letsima will sustain the delivery momentum into 2001/2002, continuing to build the economic and social fountains of hope for the poorest of the poor.

One of the main priorities of Letsima in 2001/2002 will be to narrow the dividing line between rural and urban economies. This is key to improved integrated sustainable development initiatives and local economic development including Black Economic Empowerment.

Madam Speaker, allow me briefly to highlight a small number of the then-CBPWP's achievements in 2000/2001. I believe the House will find these inspiring examples of how targeted programmes can make a fast and tangible progress in eradicating poverty.

Community Production Centres

Two pilot projects were launched at Ncora and Lambasi in the Eastern Cape to rehabilitate productive infrastructure (such as irrigation schemes) that had become dysfunctional. The valuable co-operation from the Ministry of Agriculture will ensure that more than 50 000 people will become beneficiaries of each of these projects.

Remember, Ncora used to be one of the biggest irrigation schemes in South Africa.

At Ndaya in KwaZulu-Natal, 75 farmers will directly benefit, while a population of 30 000 will be indirect beneficiaries. More than a 100 people will be employed, with at least 37 sustainable jobs being created. Progress is on schedule and the planting of trees has commenced.

Though slow to start, progress is also well underway at Upper Arabie and Elandskraal in the Northern Province.

At Makhatini Flats, Public Works has allocated R7,5 million for the processing of a packaging unit, the installation of flow meters and upgrading of irrigation, small scale irrigation farming and the upgrade of an access road.

Youth Development Programmes

In addition to targeting youth through general employment created by the CBPWP, working together with the Youth Commission, the Department of Public Works launched a youth-specific project called Youth for Environmental Accessibility. This project employs 420 youth nationally, to re-modify 267 identified public buildings and make them accessible to people with disabilities.

Clean and Green Programme

This community based waste management programme is implemented in partnership with the South African Breweries. SMME's are contracted to provide clean-ups in areas where no formal refuse removal exists. Clean and Green is a labour intensive waste management and environmental awareness programme aimed at creating jobs and building local capacity. A total of 454 people were employed in 2000/2001.

CONSTRUCTION INDUSTRY DEVELOPMENT

Finally, Madam Speaker, let me turn to my Department's third major function, the development of the construction industry.

The announcement of the Board Members and the official launch of the Construction Industry Development Board on 11 and 24 April respectively constitute a milestone in our efforts to transform Public Works and drive construction industry development. I am sure that under the able leadership of Brian Bruce and Pepi Silinga the construction industry will move a step further.

The Board is a statutory body that will provide strategic leadership in the growth, development and transformation of the construction industry - so critical to the competitiveness of the industry.

Once characterised by ruthless barriers to the entry of black emerging contractors, the construction industry has since 1994 evolved into a meaningful contributor to reconstruction, development, growth and redistribution. With the launch of the Board, the industry is claiming its rightful place as a national asset, valuable to economic growth, social prosperity and entrepreneurial development. In addition, this industry is now well placed to play its role in the national transformation agenda.

Towards the end of April we hosted a SADC regional conference on Southern African Construction Industries. This was a very successful conference which recommended, among others, that South Africa should host a similar conference at Ministerial level. There is a feeling in the region that we need to pay more attention to the construction industry than we are doing at present. I am also of the view that our construction industry has a lot to offer to our country and we must elevate value

The Deputy Minister of Public Works, Rev. Musa Zondi, will elaborate on our empowerment and governance initiatives.

CONCLUSION

Allow me to thank the various government departments for their contribution towards a more efficient Department of Public Works.

I would also like to thank:

- Our partners, the district Municipalities and provincial MEC's for their continued support and contribution
- Also the traditional leaders who, in their communities, have played a role.
- Our main partner in programme implementation, the Independent Development Trust, and in particular the chairman of the Board, Mr Eddie Funde and the CEO, Ms Lulu Gwagwa.

I would also like to thank my team in the Department under the able leadership of Mr Tami Sokutu, the

Director-General.

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