

**Minister of Public Works**  
**Mr J Radebe**  
**13 February 1996**

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## **Parliamentary Media Briefing**

**THE MINISTER FOR PUBLIC WORKS, MR J T RADEBE:** Members of the diplomatic core and members of the press, it is again my great pleasure to address you this morning. Yesterday, I opened the Southern Africa construction industry's initiative [indistinct] seminar in Johannesburg. Ten countries from Southern Africa are participating in it. The objective of this initiative is to investigate the main constraints which could encourage an on hands local participation in the construction industry, and improve the sector's performance and contribution to the economic development in each of the participating countries and ultimately in the region as a whole.

Investigations thus far have shown that the construction industry in Southern Africa is one of the leading sectors of the region's economy. The contribution of the industry to the gross national [indistinct] of the ten countries participating in this initiative varies between 4% and 20%. However, vast investment in the construction industry has failed to generate a reasonable multiplier effect to benefit the population in terms of job creation and other opportunities. At its last seminar in 1993 in Swaziland, the initiative concluded that the construction industry in these countries could increase its contribution to socio economic growth if there was a unified policy on issues of common knowledge.

In this year's seminar South Africa is arguing that the construction industry in the whole of the South African region, if it is to bring development, must adopt to the principles of the reconstruction and development programme. Inequalities such as the [indistinct] distribution of wealth and of resources to generate wealth in the regional economics, give rise to poverty, unemployment and social and physical debilitation in all these countries. These problems have not confined themselves to our neighbours, but migrate themselves to South Africa to add to the already critical situation here.

Therefore it is sensible to agree that the RDP will only succeed in South Africa if it also helps bring about transformation in the whole of the Southern African region. But, to go back home I wish to outline some of the initiatives the department is engaged in and to update you on those you already are aware of. In his speech to parliament on Friday, President Nelson Mandela pointed out that despite the welcome rate of economic growth experienced in South Africa, very few jobs had been created. He added in fact against the back drop of new entrants into the job market, there has been a shrinkage in job opportunities. We need initial vision to lift us of this [indistinct].

The President went on to particularly mention the public works programme as one of the key projects of job creation in our country. The public works programme is being implemented along two main lines.

Firstly, a programme to transform the institutional capacity of line function departments of national, provincial and local government to ensure life scale job creation, skills development and capacity building through the provision of infrastructure.

Secondly, through the community based public works programme which aims at the programme to ensure short term delivery primarily to community driven low institutional capacity infrastructure projects. A lot of progress, ladies and gentlemen, has been made in the implementation of the public works programme.

Firstly, public sector transformation, all RDP programme plans have incorporated the public works programme principles.

Secondly, the importance of the public works programme lies in the co-operation between all sectors of our society. As an affirmation of this the whole of the civil engineering industry, organised labour, government and representatives of civil society are at the final stages of concluding a revised framework agreement on labour intensive construction which enhances labour intensity on all government construction projects. This important agreement, the [indistinct] agreement, is to be signed in a matter of weeks between government, organised labour, the civil engineering industry and organisations in civil society.

Thirdly, audits by the public works programme for line function infrastructural departments of Water Affairs and Forestry, of Transport and Agriculture have been completed. These audits identify what needs to be done to achieve objectives of the public works programme in the infrastructural delivery departments.

Fourthly, guidelines for appropriate levels of service and minimum quality requirements for community based projects have been based on the quality of assets study undertaken by the national public works programme task team. These are now being used by all provinces and governmental organisations.

Fifthly, the department is also developing a resource centre on labour intensive construction in collaboration with the international labour organisation.

And lastly, a training framework document has been developed by the public works programme. The document incorporates vocational and generic training and project management, capacity building and community participation. The public works programme will also target work [indistinct] on projects, community structures, programme and project managers, build environment professionals and also community facilitators.

In October of last year the Department of Public Works obtained one hundred million Rand from RDP funds for pilot projects in most of our provinces. These projects are intended to show how the public works programme can be achieved through government schemes by means of labour intensive construction methods. These are going to be administered by provinces, but monitored and evaluated on an international level. This will also encourage use of [indistinct] for use as guidelines by all government departments. Another forty five million Rand has been obtained from the Department of Labour for similar purposes in three provinces.

I now want to touch on the community based public works programme. The community based public works programme is funded from two hundred and fifty million Rand from the RDP fund of which hundred and fifty million Rand has been allocated to the provinces, and seventy million Rand of this amount has been a partnership between public works and an independent development trust, and an amount of twelve million Rand which has been given to the South African Sugar Association and the remainder eight comma nine million for youth supported projects.

As I have stated before, this seventy million Rand of the community employment programme of the IDT has already been implemented over four hundred and eighty nine projects that are running that have created twenty eight thousand one hundred and fifty eight jobs and have created assets and also through these projects improved income of one hundred thousand people in rural communities in South Africa.

Also the social impact of assets is shown to be very high which include rural access, roads, crutches, classrooms, clinics and sanitation. More importantly the programme is very cost effective with the [indistinct] beneficiary between seventy eight Rand and one hundred and fifty Rand.

All provinces have had there projects approved thus far, which involves almost hundred and eighty two projects with the exception of KwaZulu Natal whose implementation is due to begin in mid March of this year. All these projects under the community based works programme have to be completed by December of this year.

We have also given four million Rand to the Transkei community school building programme to build school in Northern Transkei. The reason for that is that the region of Northern Transkei has been identified as the poorest on poverty and lack of school infrastructure. And also in line with our commitment to co-operation between the government, business and non-governmental organisations, we have also entered into a tripod type partnership with the South African Breweries and "Keep South Africa Beautiful", a non-governmental organisation, with the aim of re-orientating local authorities towards community based waste disposal methods. One local authority has been chosen in each of the nine provinces as part of our pilot programme. The project is called "the clean and green campaign".

Public works also is contributing to this amount of ten million Rand, while South African Breweries is funding almost three million Rand in terms of management training and publicity and the "Keep South Africa Beautiful" will do the day to day running. This project also is going to be launched in a matter of weeks.

I now want to come to the transformation project within the Department of Public Works. The transformation project that public works embarked upon the 1st of August last year is being executed in this [indistinct] phases with the support of management consultants, Deloitte and Touch. Firstly, the first phase which began in August and ended in November 1995, an analysis in detail of the current state of the department with regards to the existing culture, systems, personnel deployment, management systems and overall effectiveness in terms of expected performance. The outcome of this phase was to establish clearly the change imperative towards dramatically improving the value that it should add to its clients and also to

broader society.

The second phase which began in December and is ending next week, thus forecast on re-designing the department to ensure effective functioning and delivery in future.

And the last phase which will begin in March will be focusing on implementing all these changes.

An objective of these transformation projects are to ensure that the department will support the objectives of the RDP and in specific the public works programme in everything that we do. And also that the department must be managed in a transparent, participating and professional manner. And also to institutionalise democratisation principles in every aspect of our work so that we become an effective organisation with a productive utilisation of resources and focus on the needs, wants and desires of our clients, but more particularly wider society.

We also apply the principles of the public works programme on our maintenance work. The department's repair and renovation programme is divided between its seven regional offices and head office with the latter handling the latter services. By the very nature of the work [indistinct] services are required in the monitoring instances. A high degree of labour intensity is already involved.

A total budget of two hundred and fifty one million Rand for repairs and renovations during this financial year, an amount of one hundred million Rand is available for new services. The balance of the funds are required to meet contractual commitments on services already in progress to undertake day to day maintenance and for running cost and wage components of the department workshops.

Thirty six million of one hundred million is available to head office for new services in the current financial year. Besides the normal labour intensiveness of the work involved with repair and renovation services, suitable services to the value of approximately fifty million Rand have had other ideals of the RDP incorporated into the tender documentation. Such as a structure training programme for building skills and the issue of appropriate training certificates. Encouraging also the use of local labour to stimulate the local economies and also compulsory use of local materials of an acceptable standard. And also the elimination of clauses in the tender documentation which might inhibit the participation by local [indistinct] contractors, and where possible, division of the service into smaller components to encourage participation by small [indistinct] contractors.

With the exception of services where highly specialised skills are necessary, it has also been proposed to undertake the entire department's repair and renovation programme for 1996/1997 and subsequent years on this mentioned basis.

Also importantly the Department of Public Works has been working jointly with the Department of Finance in devising an interim scheme by which government procures goods and services through the public tender system to help empower previously disadvantaged communities and also to ensure easy access for small, medium and micro enterprises into the main stream programme activities.

Cabinet has now endorsed an interim strategy under a ten point plan arising out of this initiative. Under this plan we hope to assist new [indistinct] enterprises through the following measures.

1. Government should assist with the compilation of examination of tendering and related information in a simplified and uncomplicated format. This information should be easily accessible to any business organisation in a prescribed manner.
2. Government should establish ten advise centres throughout the country through the Department of Trade and Industry with the primary objective to provide effective communication and assistance for tenderers.
3. Government should immediately review the existing database of suppliers with the specific objective to incorporate the emerging [indistinct] sector.
4. The requirement for security on all contracts which are estimated to be equal or lower than one hundred thousand should be waived in order to facilitate the immediate entry of emerging small scale entrepreneurs in the small work sector, especially in the construction industry.
5. The procurement of goods and services for any project or other requirement of government obtain in the smallest possible quantities without incurring a [indistinct] negative impact on the quality, time and cost parameters of such goods and services.
6. The [indistinct] should be enforced as the maximum pay for payment by government to all contractors.

7. It is also proposed that a price preference system be effected to target a specific group that is persons disadvantaged by unfair discrimination within the emerging [indistinct] sector. This policy will be based on a percentage preference and shall apply to all contracts which are usually less than two million Rand.
8. Tender submission documentation should be rationalised and simplified as far as possible to make it easier for small businesses to deal with the paper work involved in tendering.
9. A [indistinct] person should be appointed during this period of procurement reform in order to provide an interim mechanism for quick and effective intervention on complaints from businesses.
10. It is also proposed to provide interventions that will assist towards establishing regulating and promoting an enabling environment and that by ensuring meaningful and effective involvement of small, medium and micro enterprises. Interim strategies will be adopted within this framework for [indistinct] classification, etc. and also tender adjudication criteria.

I now come to the issue of the national register of State owned fixed property. In the previous dispensation the responsibility for the management of State owned fixed property assets was devolved to a series of so called independent and semi-independent governmental institutions. Public Works was previously involved in compilation of inventories of State owned properties and the major portions of the property portfolio of the State was already captured in a property management information system developed and managed by Public Works. During a debate of the [indistinct] on public finances last year, the need for a comprehensive national register of State owned property assets was again emphasised and it was proposed that public works must accept this responsibility. This decision was endorsed by the Minister of Land Affairs and myself, and also supported by the Auditor General.

Steps were also taken to appraise Cabinet and obtain approval for undertaking this major exercise. A detail project appraisal for the surveys to be undertaken to capture this information of all State owned properties in the former TBVC states and the self governing territories, as well as a great deal of the data integrity, has been finalised and we are soon going to be appointing a project manager. A steering committee has also been appointed to ensure liaison on a continuous basis with all provincial administrations and other participating State departments. This inventory, ladies and gentlemen, is very essential for the effective and efficient management of the fixed property portfolio of the State. It can also be the basis on which responsibility for the administration of State can be allocated.

With that, ladies and gentlemen of the diplomatic core and the media, I wish to end my presentation and I wish to thank you for your attendance. Thank you.

**QUESTION ASKED:** [indistinct]

**THE MINISTER FOR PUBLIC WORKS, MR J T RADEBE:** Our experience in this labour intensive projects is that we will not embark only [indistinct] intensive if it will lead to greater cost, in fact the very argument for going labour intensive is to ensure that we create as many jobs as possible per unit of expenditure. So the whole notion of labour intensive technology primarily for job creation programme is that the [indistinct] that has been done by labour, civil engineering industry and government has indicated that in the construction sector that is one sector of the economy where we can be able to create a lot of jobs without adding one more cent. For an example, right now in South Africa on road construction for every one billion Rand that was spent on road construction, we create fifteen thousand jobs using conventional construction methods. But our research has indicated that if we have to use labour intensive methods on road construction for one billion Rand we can create seventy five thousand jobs, which is more than 60% of what we are doing at the present moment. So the whole argument of labour intensive is to ensure that we enhance labour intensity within the unit of expenditure.

**QUESTION ASKED:** [indistinct]

**THE MINISTER FOR PUBLIC WORKS, MR J T RADEBE:** Let me explain the whole notion of the public works programme. I mentioned in my input that there are two methods by which we can use the public works programme to generate jobs. In the first instance is to re-orientate all government departments at a national level in the provinces and also in local authorities that if we change the manner in which we provide infrastructure by adopting the principles of the public works programme, namely labour intensive technology, we will be able to enhance job creation within the construction industry. I also highlighted that thus far we have completed audits for the Department of Water Affairs and Forestry, of Agriculture and also of Transport. The whole notion of life scale job creation is through the provision of infrastructure. So if our projections will be proved that the year 1998/1999 we will be able to create almost three hundred thousand new jobs per year in South Africa. If all these things we are saying, these line function departments like Transport, Water Affairs,

Public Works, etc. move towards labour intensive technologies. The numbers that I have mentioned in my paper here deal with the second aspect of the public works programme, namely community based works programme. Before we change the institutional capacity of line function departments, we design the community based programme so that we can be able to ensure short term delivery of jobs especially in the rural areas where there is no local authorities where the capacity of government and the non existing of local authorities are. So that community based public works programme is the one who [indistinct] are being mentioned there.

**SPEAKER** [indistinct]: Just to add, in fact the figures that the journalist has quoted do not include eighteen thousand jobs that are gonna be created through the hundred million who are [indistinct] directly to the provinces. So you should add another eighteen thousand.

**QUESTION ASKED:** Minister, I just like to follow up on that question. Are you at all concerned about the labour unions and the possibility of a minimum wage and what that effect that might have on public works programmes. One would assume that if there is labour intensity, you not necessarily are paying a union wage, but I would like your comments.

**THE MINISTER FOR PUBLIC WORKS, MR J T RADEBE:** Very good question. In fact I mentioned briefly in my input here that we are busy negotiating a revised [indistinct] agreement on labour intensive construction methods in South Africa. This is going to be a land mark agreement if we sign it hopefully in a matter of weeks. The history of this [indistinct] agreement is that organised labour themselves have understood the importance of the public works programme. In fact when the whole feasibility study on public works programme in South Africa was initiated in 1992, organised labour, NACTO and COSATU, were one of the primary motivators of moving towards labour intensive methods because of the results of public works programmes in job creation. So one of the key elements of this framework agreement is a notion of a task based payment system which will mean that if we as South Africans are concerned about the rate of unemployment that has reached more than forty thousand Rand, we should also assume joint responsibility as government, as labour, as organs of civil society and business that this framework agreement on labour intensive is one of the methods that can almost overnight change the whole scenario of unemployment in South Africa. So I do believe that if insensitive as it might be, this issue organised labour, if understood the importance of this agreement, and also the method of a task based payment system.

**QUESTION ASKED:** [indistinct]

**THE MINISTER FOR PUBLIC WORKS, MR J T RADEBE:** What we are saying is that on labour intensive projects the payment system will be based on the task that has been completed at any one particular time.

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