

Minister of Public Works
Mr J Radebe
15 February 1999

[Back](#)

Parliamentary Media Briefing

Honourable Members of the Diplomatic Corps Respected Members of the Media Ladies and Gentlemen

It gives me great pleasure to be here with you this morning to brief you on developments in the Department of Public Works. I do not intend giving you a blow-by-blow account of what we have been doing over the past four years - that will wait for my Budget Speech! Allow me at the outset to welcome formally and introduce to you our new Deputy-Minister Mrs Nzimande and my Acting Director-General, Sivi Gounden.

A critical issue that we need to is the improvement of our capacity to meet the needs of all South Africans. To this end we have committed ourselves to restructuring government and my department in particular with the prime objective of fulfilling client-focused and people-centred functions rather than merely observing self-serving and archaic rules.

FRAUD AWARENESS AND SPECIAL INVESTIGATIONS

I believe that a critical aspect of this process is to put into place effective management systems and processes and to eradicate anything that detracts from our core mandate. This is vital if we are to re-engineer a culture of responsibility, transparency and professionalism in the public sector.

As you may recall, last year I ordered the establishment of Fraud Awareness and Special Investigations Unit to uproot corruption and to develop new mechanisms to overcome corruption in all its forms. This unit reports directly to the Director-General and myself as Minister. It cooperates closely with the Office on Serious Economic Offences [SEO], the Office of the Public Protector and the Heath Commission. I can inform you that it has already made considerable considerable progress. Some details I cannot disclose at this point due to the sensitivity of investigations. We will make further information available to you in due course. I can however inform you of a few examples to illustrate our success:

Let me stress that corruption is, an evil, whether it involves R100 or R1 million. I am totally committed to attacking it wherever it raises its ugly head in my department, and the Unit has instructions to pursue all cases, regardless of the amounts involved. I would like to share just four examples to illustrate the scope and extent of our successes to date:

1. A thorough forensic audit in our Durban office revealed widespread corruption involving contractors and some officials. The unit is currently involved with legal disputes in an attempt to recover losses. In one of the cases a contractor invoiced the Department for an amount of R38 794,11. With the intervention of the Unit, the company's attorney agreed to the amount of R8 443,48, saving us just over R30 000. Internal disciplinary investigations are proceeding and criminal prosecutions will follow where appropriate.
2. As a result of networking with other investigating special units in the public sector, private sector and parastatals an incident was uncovered where two warrant vouchers of R684 686,18 and R621 258,31 issued to contractors, were very nearly cashed by members of a presumed syndicate. The one voucher was fortunately stopped before it was paid into a fraudulent bank account while the other was intercepted again by an informant and handed to the rightful owner. Police are investigating this matter further.
3. As a result of a routine forensic probe into the activities in our Johannesburg office we uncovered a fraudulent contract awarded to an ex-employee who left the department on a severance package. The contract was for refuse removal from a number of military bases. The investigation by our Fraud and Special Investigations Unit enabled us to cancel the contract that had been awarded up to the year 2001. In the process the Unit saved the department an amount of R3 314 700. We are also exploring prosecution in this matter.
4. The Special Investigation Unit in conjunction with the Department of Justice has uncovered fraud by contractors who, apparently in cahoots with officials, abused tender requirements dealing with repairs and renovations at magistrates offices and official residences of the Department of Justice. I am informed that the fraud involved at least R54 million but we expect this figure to escalate. We have involved the Heath Special Investigating Unit and the Office for Serious Economic Offences has also been involved. The investigation represents a major accomplishment of our efforts to uproot fraud and corruption wherever it manifests itself. Obviously I cannot divulge more at this stage of the investigation

but I wish to affirm my own commitment to the South African Public that the war against corruption has well and truly been engaged. We will leave no stone unturned to uproot this scourge.

I might just add that our investigations are not limited to the recovering of losses or the prosecution of criminals and we have already instituted business processes and corrective audit measures to ensure that in future these types of scams will not recur. Let me take this opportunity through the Acting DG, to thank my Fraud Awareness Unit for their endeavours and to give them my personal assurance of total support for their work.

National Asset Register

We have also expressed our commitment to move towards improved governance and state of the art management of the state's property portfolio. The National Asset Register has been a key instrument to effect this. Since 1996 we have been compiling a comprehensive Register of all State-owned fixed property that will provide us with a suitable management tool. The address list of state fixed property has been completed and we now have 224 403 properties listed as opposed to the 112 165 in May 1996.

An important phase of this project has involved the reconciliation and verification of leaseholds and payments to landlords. To date this entailed reconciliation and verification of approximately 3,7 million square metres of leaseholds. The product of this phase is assisting us in facilitating derived rental values for State-owned accommodation and will ultimately expedite proper asset management. *(please refer to annexures for detailed leasehold information).*

The Register will contain detailed information that involves a tricky and time-consuming effort that involves physical visits to all functional accommodation. Information gathered includes information such as property cadastral description, size, area, current usage, type of improvement, floor space, user, grading, zoning of land, potential use of land, photographs from different elevations, a footprint sketch showing the site and improvements and global positioning co-ordinates of sites.

The scope of work has been broken down into 41 separate work packages. The contractors appointed for 26 work packages completed their gathering exercise on 15 December 1998 and 2 fraudulent bank account while the other was intercepted again by an informant and handed to the rightful owner. Police are investigating this matter further.

As a result of a routine forensic probe into the activities in our Johannesburg office we uncovered a fraudulent contract awarded to an ex-employee who left the department on a severance package. The contract was for refuse removal from a number of military bases. The investigation by our Fraud and Special Investigations Unit enabled us to cancel the contract that had been awarded up to the year 2001. In the process the Unit saved the department an amount of R3 314 700. We are also exploring prosecution in this matter.

The Special Investigation Unit in conjunction with the Department of Justice has uncovered fraud by contractors who, apparently in cahoots with officials, abused tender requirements dealing with repairs and renovations at magistrates offices and official residences of the Department of Justice. I am informed that the fraud involved at least R54 million but we expect this figure to escalate. We have involved the Heath Special Investigating Unit and the Office for Serious Economic Offences has also been involved. The investigation represents a major accomplishment of our efforts to uproot fraud and corruption wherever it manifests itself. Obviously I cannot divulge more at this stage of the investigation but I wish to affirm my own commitment to the South African Public that the war against corruption has well and truly been engaged. We will leave no stone unturned to uproot this scourge.

I might just add that our investigations are not limited to the recovering of losses or the prosecution of criminals and we have already instituted business processes and corrective audit measures to ensure that in future these types of scams will not recur. Let me take this opportunity through the Acting DG, to thank my Fraud Awareness Unit for their endeavours and to give them my personal assurance of total support for their work.

National Asset Register

We have also expressed our commitment to move towards improved governance and state of the art management of the state's property portfolio. The National Asset Register has been a key instrument to effect this. Since 1996 we have been compiling a comprehensive Register of all State-owned fixed property that will provide us with a suitable management tool. The address list of state fixed property has been completed and

we now have 224 403 properties listed as opposed to the 112 165 in May 1996.

An important phase of this project has involved the reconciliation and verification of leaseholds and payments to landlords. To date this entailed reconciliation and verification of approximately 3,7 million square metres of leaseholds. The product of this phase is assisting us in facilitating derived rental values for State-owned accommodation and will ultimately expedite proper asset management. *(please refer to annexures for detailed leasehold information).*

The Register will contain detailed information that involves a tricky and time-consuming effort that involves physical visits to all functional accommodation. Information gathered includes information such as property cadastral description, size, area, current usage, type of improvement, floor space, user, grading, zoning of land, potential use of land, photographs from different elevations, a footprint sketch showing the site and improvements and global positioning co-ordinates of sites.

The scope of work has been broken down into 41 separate work packages. The contractors appointed for 26 work packages completed their gathering exercise on 15 December 1998 and capturing of this data on the Department's database should be completed by the end of February 1999. These 26 land parcels comprise of about 2,1 million square metres of rentable space, 12 000 open parking bays and 13 279 covered parking bays and 18 389 buildings or structures. Further progress will be announced in due course. *(Please refer to the annexures for further information on the 26 land parcels completed)*

One of the key future tasks is to formulate procedures and methods to allocate a derived rental per square meter per month on functional state-owned accommodation. Simultaneously, the future updates (escalation or de-escalation) of the rentals on tendencies applicable in the market on a monthly, yearly or bi-annual basis, will then be investigated.

The Asset Register will provide us with a management tool that will enable us to determine how best to apply this vast resource. It will also put at our disposal an effective means of unlocking alternate resources to pursue government's development agenda and attain our socio-economic objectives. At this stage I would like to mention that we have been working closely with International agencies such as the Australian government to draw on similar experiences into the establishment of a Property Agency as an effective means to manage our vast property portfolio. In fact this week workshops are being held between my officials and the Australians regarding this matter. We shall however brief you more fully about this in the near future.

RESTRUCTURING AND OUTSOURCING

In his opening address to parliament President Mandela emphasised government's continued commitment to reducing expenditure on personnel. The Department of Public Works in 1997 had 6850 filled posts. That number now stands at 4526. I am therefore confident that we can reach our target of 3900 by the year 2001. Nearly 1200 people have left us through Voluntary Severance Packages and the remainder through natural attrition.

Outsourcing is another key instrument spelt out in our White Paper on Public Works towards the 21st Century for attaining our vision of a lean, efficient and effective department focused on its core functions.

Conscious of our responsibility not to increase unemployment through retrenchment, I am pleased to inform you that good progress is underway in our pilot outsourcing projects in Bloemfontein and Durban.

The Bloemfontein Horticultural Unit has now organised itself into an Employee Owned Company [EOC] known as Amazing Landscapes. The contract that historically cost us R2,2 million per annum will now realise some savings for the Department and will be finalised within the next few months. I am pleased to tell you that the feeling amongst affected employees is that they are excited to get started in their new business. We have already taken the necessary measures to ensure that this venture is a resounding success. This includes entering into a five year contract with them after which they have to compete in the open market; we have also in the process of obtaining the necessary approval to sell state equipment and vehicles to enable them to become operational and we have ensured that appropriate training is done to ensure that the process is effectively managed.

We are also piloting outsourcing of horticulture, cleaning, security and maintenance in our Durban Regional office. We may adopt the same Employee Owned Company model or an outside company may take over the management of the relevant sections. The latter model is used by Public Works and Government Services Canada (PWGSC). The advantage of the latter model when compared to individual EOC, is that it promotes

the down-sizing of the Department by encouraging partnerships between experienced Facilities Management companies and EOC, single point accountability is achieved, it encourages competition in the industry and aims to promote public/private sector partnerships. An added and crucial advantage of this model, is that by outsourcing to recognised Facilities Management companies partnered with DPW employees who presently render non-core services using the integrated Facilities Management approach, the State will start to redress the huge maintenance back-log that its assets have suffered over the years.

Transformation

One of our key areas of restructuring is our Accommodation Branch. Its main function is the management and control of planning, design and execution of construction projects within the framework of government policy and strategic objectives. As a result we have developed two project management guideline manuals.

In addition the United Nations Development Programme (UNDP) Resident Representative has agreed and contracted to fund the project management development programme. This will include making bursaries available from funds amounting to R1.8m allocated by UNDP for scheduled advanced project management training.

PROJECT MANAGEMENT IMPLEMENTATION

The traditional old South Africa used a fragmented approach to the construction of facilities that resulted in divided responsibility, long delivery periods and consistent overspending of budgets and helped develop extremely corrupt practices. We have now moved to an integrated approach employing proven project management principles using only a fraction of the staff of the previous dispensation. Even in the short period of its implementation since April 1997, our new project management approach has resulted in single point responsibility, shorter delivery times and effective control over budgets. This can be demonstrated by the following specific examples.

The new R180m Malmesbury prison was constructed in 16 months equivalent to an expenditure of more than R11m per month. Under the previous system, this would have taken at least 36 months to construct.

The planning time for the new R400m Super Maximum Security Prison at Kokstad was shortened from the customary 24 months to just 3 months and this was done over the festive season.

The increased overall performance is clearly illustrated by the increasing expenditure on capital works during 1997 in comparison with the expenditure of previous years. Capital Works expenditure in 1993/94 was R201 million, in 1994/5 R345 million, in 1995/6 R425 million, in 1996/7 R449 million and in 1997/8 R853 million

An announcement is imminent on the short-list of bidders for the creation of a one stop border facility at the Lebombo/Resanno Garcia Border Post. We will inform you of the details accordingly.

INFRASTRUCTURE DEVELOPMENT AND POVERTY ALLEVIATION

Since the initial allocation of R250 million that created 148 523 jobs and produced 1112 projects, our government has shown its continued commitment to the Community Based Public Works Programme as one of its effective mechanisms of meeting the needs of the most vulnerable of our country's rural poor.

In the 1997/8 financial year cabinet allocated an additional amount of R85 million from the Poverty Relief Fund. The CBPWP re-aligned its programme to ensure that these funds were targeted at the most intense poverty pockets in the Eastern Cape, Kwazulu Natal and the Northern Province. This created more than 14 000 jobs and produced more than a 150 productive assets located in clusters that promote rural economic nodes as the basis for sustainable economic growth and rural development.

A further R274 million was allocated from the Poverty Relief Fund late in 1998. All projects are on course and will further enhance the range of cluster projects in the above three targeted provinces. It will also significantly contribute to our objectives of empowering communities to combat poverty through the delivery of sustainable cluster projects.

I do not want to go further into this area. On Wednesday Minister Mankunku will announce further allocation of funds. I will in due course provide the media in parliament with a detailed presentation dealing with aspects of this programme.

Conclusion

In conclusion, ladies and gentlemen, together with other strategic government initiatives we believe that programmes like the CBPWP begin to lay the foundations for rebuilding our beloved country. Already we are moving swiftly to respond to the President's call last Thursday for a national crusade to speed up the delivery of services; to create jobs and end poverty and to remove the effects of past discrimination. We believe that by working together, communities, NGOs, the private sector and all tiers of government can build a better life for all our people. The foundation has been laid- the building is in progress!

I thank you

[top](#)