

**Minister of Public Works  
Ms S Sigcau  
16 August 2002**

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## **Parliamentary Media Briefing**

### **INTRODUCTION**

Being on Friday morning almost deadline time, I shall highlight some aspects of service delivery and challenges in Public Works. These will mostly be asset management, accommodation, the Community Based Public Works Programme and financial management. Then my colleague, Deputy Minister Musa Zondi, will talk about our empowerment initiatives.

### **ASSET MANAGEMENT**

Taking care of the State's fixed property portfolio we deal with both the "real estate" side (Holding, buying, selling, leasing or renting) and the accommodation management aspects such as maintenance, refurbishing, building, rates and taxes, etc..

#### **Disposals**

Disposal of properties is a responsibility of any good asset manager and not an end in itself. Selected properties within the diverse and unique State property portfolio will always be kept in the ownership of government for strategic and heritage purposes. Considering various socio-economic objectives, including costs, under-utilised properties are continually identified and assessed for possible disposal.

For these last four months, we have disposed of 65 properties in extent of more than 58 000 ha from which an income of more than R17,7 million (R17 775 000) has to date been generated, with three properties yet to be valued. Also two land parcels to the value of R975 615 were acquired in return for land transferred to Local Authorities.

The disposals that ought to be effected during the current financial year include:

Waterkloof Heights Extension 7, Pretoria; Zwartkops Air Force Base, Pretoria; Bourke's Luck military base near Graskop in Mpumalanga; Camden military base near Ermelo in Mpumalanga; 2 stands in Craighall Park, Johannesburg; Wingfield military base, Cape Town; Bailey's Cottage in Muizenburg, Cape Town; the Old Supreme Court in Pietermaritzburg; a Portion of the Mmabatho military base in North West; Klippan military base in Northwest and the former Langefontein military base near Saldanha.

#### **Government-wide Immovable Asset Management Framework**

Currently there is no cohesive and comprehensive policy framework for the management of immovable assets to guide all spheres of government. There are service delivery expectations in government that need to be matched with the efficient use of limited resources. Public Works, as custodian of the State's fixed property assets is formulating an Immovable Asset Management Framework to address this situation.

This Government-wide Immovable Asset Management Framework would, similar to the PFMA and Public Service Act, act as a strategic initiative to guide government on all aspects of immovable asset management in future. This will foster:

- Better allocation of limited resources
- Better alignment of immovable assets with service delivery and community expectations
- Reduced demand for new immovable assets
- More effective use of existing immovable assets.

This framework will address, amongst other things, whether assets are appropriately located for effective service delivery, fully utilised and whether they are in a suitable condition for optimal service delivery. It will also look at the cost of operating and maintaining assets within total cost structures of delivering a particular government service. Lastly it would analyse, when assets are disposed of, whether the best financial and social returns accrue to the State as the owner.

It is envisaged that the framework will be completed in March 2003 and it will be translated into an Act through

the legislative process.

## ACCOMMODATION

### Leasing

Currently only 24 of the 5 500 leased properties have been found to be under-utilized. This is a remarkable feat compared to 140 such cases before our deliberate intervention in 1999. In most instances, some client departments would submit their accommodation particulars and later revise them after the lease agreement has been concluded. Others would vacate leased properties prior to the expiry of the contract, often without notifying the Department of Public Works.

Interim measures to turn the situation around included firstly renegotiating with landlords to cancel lease contracts where clients have either vacated the premises or changed their original space requirements. Secondly the Department of Public Works continues to strive to find alternative uses for premises abruptly vacated.

The future introduction of the User-Pay method, we believe, will provide a permanent solution. Client departments will be forced to be more accountable on the utilization of the state resources, including space for accommodation.

### Capital Works

I can confidently say that my Department has reached a stage in its existence where sustainable service delivery is no longer a dream but a reality. To this end I am proud to report that 100% of the capital works allocation of R1, 5 billion for the current financial year has already been committed. At the end of July 2002, with only four months into the new financial year, my Department has already spent close on 50% of this capital allocation.

The challenge about being successful is to remain successful; hence our resolve in the next twelve months is:

- To integrate our current fragmented approach to service delivery by introducing key account management principles which is a one-stop service for clients
- To improve capital works-specific information systems and make them compatible with organisation-wide business systems

### Repair and Maintenance Programme (RAMP)

I have introduced you to the concept of RAMP in my previous Parliamentary Media briefing. So successful is the RAMP that the Department of Correctional Services continues to invest in the programme. The current year's allocation to RAMP projects within Correctional Services is R544 million or 75% of their accommodation budget. Successes achieved with the Departments of Defence on this programme, have further encouraged other departments such as Environmental Affairs and Tourism (proclaimed fishing harbours), Labour, as well as the Interdepartmental Border Control Posts or Ports of Entry to adopt the programme.

### Dolomite Risk Management Strategy

An area where we have had considerable success, acknowledged by several other countries, is that of our Dolomite Risk Management Strategy implemented as a pilot project to the South of Tshwane. The system implemented through the current project guided the planning and implementation of coordinated, targeted, expenditure and systematic upgrading of infrastructure to the order of R129 million. This initiative has enabled the Department to prevent damage to valuable structures valued at more than R5 billion by dolomitic subsidence. About R 25 million has been spent on the rehabilitation of sinkholes resulting from this dolomitic activity. Unsafe structures and damaged infrastructure have either been demolished or replaced. To date 45 sinkholes have been rehabilitated to contribute in arresting further damage to State property and improving safety of people on the affected sites.

### COMMUNITY BASED PUBLIC WORKS PROGRAMME (CBPWP)

Since President Thabo Mbeki inaugurated the first Community Production Centre (CPC) project at Lambasi

near Lusikisiki on 25 November 2000, the challenge of sustainable rural development programme is being realized. Today there are thirteen Community Production Centres (CPCs) at different stages of operation in Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, Free State and North West. In May and July this year, Elandskraal in Limpopo and Cairn Lemon in Mpumalanga recorded their maiden harvests respectively.

At Elandskraal, the Department completed the rehabilitation of infrastructure on 197 hectare, which is farmed by 97 emerging farmers and will feed six surrounding villages. In cooperation with the local Mabeleng Graan Beperk and the Marble Hall Commercial Farmers, the emerging farmers were assisted in terms of marketing and distribution of their maize yield. Cotton and wheat will alternate with maize to maximize the carrying capacity of the soil.

The Cairn Lemon CPC is a lemon-producing project, cultivated by 74 families with the help of Public Works and additional funding provided by the Industrial Development Corporation. This project is part of an international down-streaming manufacturing venture with the end product (i.e. lemon oil) exported to the United States at the request of a large international beverage company. Community Production Centres are the seed for rural economic regeneration and a case study for the agricultural self-sufficiency of rural communities throughout the African continent.

Multi-Purpose Community Centres (MPCCs) are among the popular and well sought-after infrastructure provided by the Department in partnership with Government Communication and Information Systems (GCIS). MPCCs are one-stop, integrated community development centres where communities interact and their needs for relevant services are addressed. Since 1999, the Department of Public Works has upgraded or built 14 MPCCs in Eastern Cape (6), KwaZulu-Natal (6), Limpopo (1) and North West (1). The 14 were financed and built by the Department as part of government's roll out programme to establish at least 61 such structures by December 2003.

The Department of Public Works will continue this year with providing chambers and community halls at the Royal Places of our Kings as part of its rural infrastructure development and poverty alleviation programme. This is a nationwide campaign designed to provide the necessary infrastructure for use by our Kings who are at the centre of our culture, tradition and morals. In terms of the roll-out, both Eastern Cape and now Mpumalanga have been covered and more provinces will follow in the near future.

## FINANCE AND ADMINISTRATION

In areas of Finance and Administration Public Works has had to contend with archaic information systems which present many challenges - some of which manifest themselves in negative audit reports. This is of concern to the Department because of the probability of fraud and corruption in the built environment. Some causes are:

- The internal control environment that was weakened by the shortage of appropriate skills and staff turnover  
Business systems that have a poor interface with the financial management system and do not provide adequate information for meaningful management decisions.
- The department is committed to turning around this unacceptable state of affairs and the following interventions have been instituted:
- A risk management plan that takes a holistic view of the department's critical areas of probable fraud and corruption has been finalised
- A long-term IT plan to address gaps in the department's IT environment has been designed. The plan involves the development of an IT architecture intended to integrate the various stand-alone systems used within the department. However, we have identified some "quick wins" on this route.

For example, our Property Management Information System could interface directly with the Financial Management System to ensure meaningful reconciliation of transactions. We are working on a rudimentary interchangeability of information across different systems to enhance uniform access to management information. This will also enhance capacity of operational and control mechanisms as well as users.

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