

**Minister of Public Works
Mr J Radebe
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At the Bureau for Economic Research Conference

For the Department of Public Works, the barometer for the building and construction industry working is when it reaches its capacity to provide housing and jobs for all. This happens to be critical to our efforts of creating a better life for all South Africans. Of course, the industry as a whole must go through a process of restructuring and transformation for these noble goals to be effectively realised. Change is a process that will involve all stakeholders and, unless conducted with intelligence and integrity, might be unnecessarily long.

Government should take the lead in implementing the RDP, including in housing delivery, and putting our economy on a path of sustainable growth and development. However citizens - private and corporate - must be involved in the implementation of the RDP so that as a collective, we are able to renew our priority to the provision of goods and services to meet basic needs, develop human resources, build the economy and democratise society as a whole.

However that is not where we end when dealing with matters of such importance and complexity. The delivery of housing and other basic infrastructure should definitely be linked with the challenge of strengthening the economy of the country and the regions as a whole. The economic goals of the Government of National Unity are elaborated in the Macro-Economic Framework released by Government recently.

The role of infrastructure delivery together with support for small businesses, including small contractors, are emphasised in this framework.

The building and construction sector is viewed from the beginning as a key component in realising the goals of the Government's Macro-Economic framework. Despite our critics of whom we have many, the truth is that the RDP is working.

Bob Mackennoy and Sharon Lewis of Settlement Dynamics present evidence indicating that the state of affordable housing is increasing and that more units are being delivered all the time. For example in 1991, 189 000 units were delivered, whilst by November 1995 the total amount had reached 551 000 units.

"The average size of housing projects has increased by 10% in the last 12 months, whilst the number of housing units, in production has increased by massive 57% in the last year. At this point in time there are over 500 000 housing units in some stage of development. This compares dramatically to last year when under 100 000 units were completed".

Public Works, I believe, has an important role to play in the realisation of the above perspective and objectives. It will play this role not only through employment creation but through investment in public facilities which will complement major investments in economic infrastructure, electrification, telecommunication and information technology.

The Department of Public Works was traditionally a service provider to other line function departments. However, with the Government of National Unity, this Department like other Departments and Public institutions, must fulfil their functions in accordance with social and economic objectives set out by the democratically elected Government. This puts responsibility through which our contribution in Government is assessed.

It is against this background that we have embarked on a process of transformation within the Department of Public Works. An important moment in this process was our recently held workshop where we engaged other stakeholders and assessed international experiences. I must emphasise that we continue to look and be inspired by best practice models in both developed and developing countries.

Some of the important lessons and principles we continue to learn, include:

- A shift towards adoptions of commercial principles in the light of dwindling state resources, and the need for off-budget funding for service provision.
- The need to reduce and manage risk in development projects by adopting consistent professional approach.

- The need to improve efficiency and effectiveness, and to reduce the level of duplications and overlap of functions incurred by entities contracting on capital works in government.
- The need to shift emphasis from the traditional capital works approach to that of asset planning and management

These principles inform our transformation process as we move forward to put Public Works on an irreversible course of change, whose living vision should be to ensure a leaner Department that is effective, efficient and cost-effective, with the focus on quality service delivery, not only to clients of the Department, but also to play an active role in the Reconstruction and Development Programme.

Consequently, the transformation process in the Department has set out to:

- Provide an outstanding service with regard to maintaining, servicing and presenting those State-owned fixed assets of which we are custodians;
- Launch the most ambitious and potentially most rewarding programme of infrastructural development ever seen on the continent of Africa; and
- Ensure sustainable development throughout the South African society

I am satisfied about the progress we have made towards realising this vision over the last two years. Clearly, this did not remain only a vision to us. We have already started with a number of initiatives during this period that confirm our commitment and determination to realise this vision. Some of our initiatives, repositioning Public Works in South Africa towards the 2000 and beyond are well known and documented. I will only outline a few of these.

The National Public Works Programme (NPWP) constitutes a radical departure in terms of the way the Department has traditionally performed its responsibilities. As opposed to being a Department obsessed with operations founded on outdated norms and standards, the Department now has a tested policy to inform its operations and impact on service delivery.

It is only in this way that the Department can enhance its operational capacity, thereby becoming a productive, effective and successful delivery mechanism.

The NPWP, fulfilling a leading role in the transformation of the construction industry and going beyond just a community orientated developer in the relief programme sense of the word, focuses on procurement reform; property investment; property management; generic, vocational and industry related training; developing regulatory frameworks for the built environment; ensuring community participation in capital infrastructure and a socio-economic analysis of the construction industry.

Consistent with our approach of finding alternative but creative ways of doing things. We are currently revisiting the way Government managed infrastructure delivery. In the past, it was taken as given that Government alone will take responsibility for provision of infrastructure to address the needs of its clients.

Our analysis of the present South African reality, the challenges and constraints facing Government, including financial constraints, the need to utilise capacities within and building partnership with the private sector, and most importantly, stimulating new economic activity in the country, lead us to the conclusion that other alternative asset procurement techniques are required and should be considered.

This seems to be a developing trend that many Governments today are following in many countries as a way of overcoming financial constraints and reducing risks to the public sector. They allow the private sector to supply assets and services used to meet public services obligations typically on a design, build, finance and operate basis if this can be demonstrated that it would result in good value for money for the government. This change in asset procurement and operating partnership is undertaken in conjunction with the Departments of Finance and State Expenditure.

As the largest property owner in South Africa, the Department of Public Works is currently involved in a process to develop a national asset register. This will provide for the compilation of all state-owned property and fixed assets, including composing a complete picture of property under the former TBVC states.

This will be the first South African National Register of state-owned fixed assets, particularly against the background of apartheid with its enormous duplications, lack of proper information systems, insufficient

controls and the bankrupt bantustan system.

Of course, this is a massive task that will not be complete within a year. But to start we must start as a matter of urgency. We are hoping to apply similar criterion in effecting this massive project. That is to ensure that this work is underpinned by key developmental objectives that effectively involve a broad section of our people.

Another important initiative our Department is currently involved in relates to the restructuring and implementation of key strategies of the 10 point plan in the constructions sector. The 10 point Plan is a set of interim strategies aimed at revamping public procurement in line with the objectives of the RDP. The aim of the public procurement initiative is to facilitate access for small, medium and micro-enterprises into the mainstream activities funded by the Public sector.

The 10 point plan proposes that the procurement of goods and services for any project or other requirements of the Government be obtained in the smallest possible quantities without incurring undue negative impacts on the quality, time and cost parameters of such services and goods. The purpose of this is to provide opportunities and make it easier for small businesses and contractors to participate and increase their share in public sector procurement

The plan makes provision for the targeting of those persons previously disadvantaged by unfair discrimination within the emerging medium, small and micro enterprises by means of preference mechanisms.

It is suggested that this strategy could facilitate joint ventures and partnerships with the benefit of skills transfer and Human resources.

It is further suggested that such an approach could be the beginning of a system that starts to deracialise business ownership in control through a focused policy of black economic empowerment.

Again, as the "guardian" of the construction have been leading, in the analysis and development of innovative ideas regarding the construction sector and its future. It was through the analysis of the sector, its history and current limitations that led us to initiatives to establish an enabling environment for this sector

This intervention was based on our understanding that construction and related allied industries, in their current form, were incapable of assisting us to realise the goals of the RDP and other socio-economic objectives Government set itself.

As a result, we realised the need for legislative and institutional reform, research enhancement training, development of performance indicators and other instruments towards realising this objective. I wish to emphasise another instrument, that is the investigation of how the construction economies of neighbouring states can be integrated with that of South Africa so as to maximise the use of regional resources.

The challenge in establishing an enabling environment for the construction sector has been endorsed by the whole of Government. There is a clear understanding and shared perspective that for us to succeed, all Government departments responsible for delivery of infrastructure, must come together and co-operate in this very important task.

This challenge involves the Departments of Housing, Transport, Water Affairs, Constitutional Development, Provincial Affairs, etc. It is through this collaboration that we will be able to effectively use our resources to benefit the industry as a whole and as many of our people as possible.

One key advantage identified in terms of this initiative is support for emerging constructors, consultants and allied entrepreneurs I am proud of the progress we are making in this regard. We are succeeding, in a very short period of time, to involve as many of our small contractors in Government funded projects as possible. This includes big projects worth millions of rands.

An example of this; is the Malmesbury project in the Western Cape to build a prison at about R150 million This attracted and involved small contractors. Many of the strategies developed by Government to involve small contractors are now being considered by big contracting firms as a way of involving small contractors, particularly from historically disadvantaged communities.

Related to the 10 point plan and an enabling environment, with a similar developmental thrust is the Pilot Roster scheme. The pilot roster was launched as a joint venture with Provincial Works Department.s in 1995.

The roster is aimed at increasing capacity and experience among previously marginalised firms, professionals involved in architecture, engineering and quantity surveyors. We also encourage firms to embark on human resource development programmes.

In conclusion, may I point out that it is extremely important that the transformation, in general, should be viewed as more than just another phase in the transformation project - forms a totally new project on its own.

Our proposed redesign was benchmarked against international Departments at Public Works as well as against similar organisations in the private sector.

Within the current limitations of the public sector in South Africa especially in terms of systems, policies and centralised control over personnel - it is believed these proposals are robust and practical

To cement this move towards Year 2000, the Department held an international seminar in Johannesburg this year on the way forward. The recommendations of this seminar will be encompassed in a Green Paper on Public Works, which I will launch in October this year.

I thank you

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