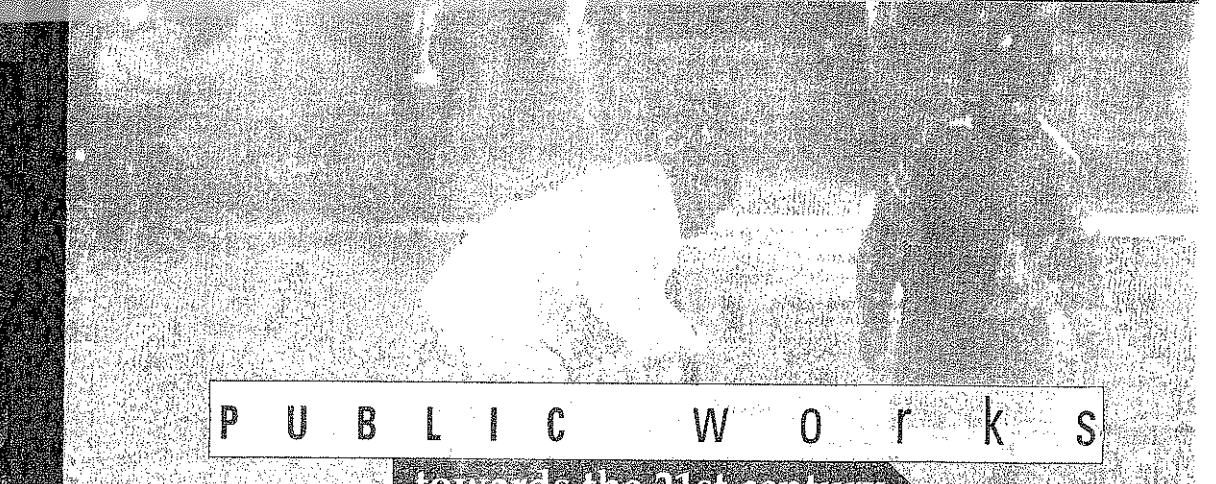


WHITE paper

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P U B L I C W O R K S

towards the 21st century



FOREWORD

Since its establishment the Department of Public Works has frequently been treated as a Cinderella department, narrowly confined to its tasks as state property manager and facility maintenance agent. It was never served by a Minister with a single portfolio, and was always latched onto another state department. One of the mainsprings of the ANC's vision for a new South Africa was the improvement of our people's lives through measures which included job creation using imaginative social mechanisms, economic cost effectiveness and democratic community involvement. After the first democratic elections in South Africa's history, President Nelson Mandela announced a new cabinet which, for the first time, included a single Ministry of Public Works.

Public Works was charged with a bold and ambitious project: to inculcate into all its traditional functions the basic principles of a national public works programme and to implement a community based public works programme aimed at assisting government's fight against the inheritance of crushing poverty in our rural areas.

Three years down the line, I am pleased to present the first ever White Paper on Public Works to Parliament and the people of South Africa. In part, it is a report on the progress we have made to date. But more important it stands as a statement of the strategy my Department has developed since 1994 in direct consultation with a broad range of role players and with the practical lessons of pilot projects behind us. I believe it provides a framework capable of fulfilling the tasks we have been mandated.

Besides the policy framework of the new government, captured through the RDP and developed by GEAR, the tasks of the Department have also focused on institutional issues. The new South Africa created provincial governments with particular competencies. Public Works functions at a national and provincial level. The work of the Department has been enhanced by the cooperative relationship between national and provincial authorities through the regular meetings of MINMEC. Thus, in the process of redefining public works in South Africa we have also contributed to the full-scale renovation of government relations and structures in South Africa. In short, we are re-inventing government management.

I would like to pay tribute to the drafting team's months of hard work to produce both the Green Paper on Public Works, and this document. Their efforts stimulated the public consultations, debates and discussions from stakeholders, special interest groups, community representatives and individuals. A list of contributors is appended to the White Paper itself. The quality and constructive nature of these contributions represents an important lesson in democratic and meaningful participation and is clearly reflected in the White Paper

My Ministry and the Department of Public Works look forward to continued interaction, ongoing consultation with and cooperation of all stakeholders, investors, and communities. The officials and staff of the Department have much to be proud of, and a great deal to contribute to the continued democratic transformation of South Africa. We remain your servants, working for the public good, for a richer country.

JEFF RADEBE, MP
MINISTER OF PUBLIC WORKS



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Introduction: Government's Socio-Economic Objectives

1.1 Government's mandate

1.1.1 By early in the 21st century, every South African should enjoy a wide range of economic, social and cultural opportunities. This vision assumes that South Africa will have made major strides equity, the democratisation of society and social peace.

1.1.2 In April 1994, South Africa's first democratic government was given a mandate to implement the Reconstruction and Development Programme. Consensus was secured among stakeholders from across the political spectrum on the centrality of RDP objectives to post-apartheid society. The fundamental principles enshrined in the RDP remain the official policy of government:

1.1.2.1 the establishment of integrated and sustainable programmes, recognising that the legacy of apartheid cannot be overcome with piecemeal and uncoordinated policies;

1.1.2.2 commitment to a people-driven process, since our people, with their aspirations, skills and collective determination, are our most important resource;

1.1.2.3 the ongoing need for peace and security for all, led by security forces that are non-partisan and professional, and that uphold the constitution and respect human rights;

1.1.2.4 the project of nation-building, and hence the bridging of the divisions and inequalities left behind by apartheid;

1.1.2.5 linking reconstruction and development, so that growth takes place in a manner that is sustainable, well-distributed and sensitive to the natural environment, hence building long-term productive capacity and human resources; and

1.1.2.6 the thorough-going democratisation of South Africa, with fundamental changes in governance itself enable everyone to contribute to reconstruction and development.

1.1.3 As argued in Government's *Growth, Employment and Redistribution* strategy, "As South Africa moves toward the next century, we seek:

- a competitive fast-growing economy which creates sufficient jobs for all workseekers;
- redistribution of income and opportunities in favour of the poor;
- a society in which sound health, education and other services are available to all; and
- an environment in which homes are secure and places of work a reproductive."

1.1.4 To fulfil this mandate, South Africa must outperform all conventional projections, whilst also realising targets for improved life expectancy, literacy and numeracy, safety and security. The challenge facing government is to identify innovative measures that can generate higher levels of growth and much higher levels of employment and equity. Public works will play a major role in this, not only through employment creation but through managing public assets and major investments in economic infrastructure, electrification, telecommunication and information technology.

1.1.5 Having emerged from one of the world's most brutal and unjust economic and political systems, South Africa's democratic government has committed itself to overcoming poverty and improving the quality of life of the majority through a sustainable, coordinated and integrated development programme. The new government inherited enormous inequalities in wealth and income based on race, gender, age, disability and urban or rural location. The wealthiest 2.4 million of South Africans account for over 40 per cent of all consumption, while the poorest 21 million account for under 10 per cent. Unemployment in South Africa is extremely high, and has been worsening for many years. Approximately one third of people are unavailable for work including those under age 15, students, scholars, housewives, retired people, pensioners and disabled people unable to work - and are excluded from official unemployment calculations.

1.1.6 In 1975, the estimated size of the economically-active population was 9.2 million people. This number increased to an estimated 14.0 million in 1993 and then to 14.5 million in 1995. The actual number of jobs available in the formal sector has failed to keep up with the increasing number of people requiring work. In the 1990s, there has been an overall decrease in the number of jobs in the

labour market. Employment in the formal sector in South Africa is not keeping pace with the growth in the economy. This is true today, even taking into account the recent economic upswing. According to the 1995 October Household Survey, altogether there were 14.4 million economically active people in the country in 1995. Of these people, 10.2 million were employed or self-employed, and 4.2 million were unemployed.

1.1.7 Unemployment varied by race and gender. Among the economically active population, African women are most likely to be unemployed (47 per cent), followed by African males (29 per cent) and coloured women (28 per cent). White females (8 per cent) and males (4 per cent) are least likely to be unemployed. According to the 1995 Household Survey, there were proportionately fewer coloured, Indian and white unemployed people compared to Africans. The extent of unemployment also varied by province and gender. More than half of all economically active females in Northern Province were unemployed in 1995, compared, for example, to a quarter of females in the Western Cape. Among males the highest rate of unemployment was in the Eastern Cape (36 per cent). Unemployment is higher in rural areas, and is worst in the rural Eastern Cape (49 per cent), Northern Province (45 per cent) and KwaZulu-Natal (43 per cent). Unemployment is lowest in the Western Cape (22 per cent).

1.1.8 Government's mandate is also to improve the nature of available employment through improving worker skill levels, a challenge known as Human Resource Development (HRD). The vast majority of South Africans, particularly the unemployed, lack the educational qualifications or skill levels required to compete for the occupations that will be most in demand in coming years. HRD aims to change these proportions, not only through affirmative action, but also through education and training. HRD means not only improving access to employment opportunities for all, but also reducing inequalities between the population groups. This may entail transitional education programmes that span all age categories, and that provide minimal literacy for all, task-orientated education, entrepreneurial scholarship, and development of greater worker's morale.

1.1.9 There is limited or non-existent access to basic infrastructure, services, education, primary health care and socio-economic opportunities for the majority of people (especially Africans and rural women). At present, only 38 per cent of African households have access to electricity for cooking, heating or lighting, while nearly all coloured, Indian and white households have access to electricity. In urban areas, 58 per cent of African households have access to electricity, compared to only 16 per cent

of African households in non-urban areas. Among African households, compared with the other population groups, access to toilets, safe water and refuse removal also pose distinct problems. Only 27 per cent of African households have running tap water inside their residences, only 34 per cent have access to flush toilets, and only 37 per cent have their refuse removed by a local authority.

1.1.10 Investment in social and economic infrastructure will play an important role in increasing the productivity of labour and business, and will thus contribute to much higher growth rates. South Africa currently faces a backlog in infrastructure of at least R170 billion, and innovative financial strategies and careful prioritisation will be needed if sufficient progress is to be made. This strategy envisages a substantial acceleration in government investment spending, together with improved maintenance and operation of public assets. Higher growth is seen as critical in this regard, as is restructuring of the responsibilities of relevant public corporations, development finance institutions and local and provincial authorities.

1.1.11 Therefore, government's overall objectives in social and economic arenas related to public works include:

1.1.11.1 contribution to the generation of sustainable economic growth;

1.1.11.2 redistribution of income in favour of the poor through the immediate provision of opportunities for citizens to undertake useful work;

1.1.11.3 sustainable employment creation;

1.1.11.4 expansion of Human Resource Development;

1.1.11.5 new production regimes that stress labour-intensity for workers, and community participation and control for beneficiaries;

1.1.11.6 active promotion of affirmative action with respect to race, gender and youth, and the integration of disabled people as producers and consumers of services;

1.1.11.7 active support for small, medium and micro enterprises (SMMEs), as well as co-operatives and non-profit NGOs;

1.1.11.8 rapid and dependable delivery of services and facilities, especially in under-served areas, and increased quality and standards in underdeveloped areas;

1.1.11.9 increased creation of durable assets in underdeveloped areas to redress uneven geographical development; and

1.1.11.10 environmental protection, energy conservation and increased public access to South Africa's natural and built heritage.

1.2 The DPW's role in realising the mandate

1.2.1 All of these aspects of government's mandate are critical for the Department of Public Works (DPW), as explained throughout this White Paper. The DPW plays several roles towards these ends: to provide and manage accommodation for line function departments (including additional facilities of the Department of Justice, Correctional Services, Defence and Safety and Security); to assist other line departments in the development of policy for infrastructure delivery; and to lead the transformation of the construction industry in line with the National Public Works Programme principles. In carrying out these roles, the restructured core functions of the DPW are property advisory services, property development, property management and the National Public Works Programme. Strategically, the four key areas discussed throughout this document are public works programmes, project management, property investment and property and facilities management.

1.2.2 The DPW has a strong basis from which to influence developments in construction and the property market. Each year, investment by public authorities typically accounts for 10 - 15 per cent of all new residential buildings, 15 - 25 per cent of all new non-residential buildings, and 50 - 75 per cent of all construction works. Full statistics are still being assembled, but it is already clear that the DPW property portfolio includes more than 145 000 properties owned, including parcels of land, residential properties (not including government's public housing stock), offices and other buildings. An additional 7 500 properties are leased, including 1 700 offices. This is a large component of the total South African property market, and gives the DPW the ability to infuse strategic objectives into the operations of the market.

1.2.3 In particular, job creation through the National Public Works Programme (NPWP) is based upon two strategic approaches: changing the rules governing the provision of infrastructure to increase labour-intensity, and promoting community-based public works. Some progress has been achieved with respect to the incorporation of the Interim Framework Agreement, which in turn has generated an understanding of the importance of increased labour-intensity, training, community and Non-

Governmental Organisation (NGO) participation, appropriate contract documentation, and linkage of payment to production. At site level, work of this type will continue to be fostered by the DPW. At a policy making level, the DPW will continue to adopt forward planning of public sector construction projects in the context of the state's multi-year budgeting in order to counteract the cyclical nature of construction demand. Although the DPW has been given the responsibility for implementing the NPWP, it is a programme of the entire government. The role of the NPWP is primarily policy development, coordinating, monitoring and evaluating.

1.3 In addition, the DPW enjoys good working relationships with line departments in related fields. To provide a few examples (but without being exhaustive), the Department of Constitutional and Provincial Affairs is responsible for household infrastructure development and intra-governmental financial flows, with provincial and local governments offering channels and in some cases additional resources to enhance basic services. The Department of Housing funds much of the infrastructure related to housing and servicing sites. The Department of Finance is responsible for both the budgetary process and development finance agencies which facilitate infrastructure investment. The Department of Water Affairs and Eskom are developing much wider access to water and electricity systems, and Posts and Telecommunications is broadening access to communications infrastructure. The Department of Land Affairs coordinates land use in general and land reform in particular. The Department of Transport is responsible for roads and transport infrastructures. And the Office of the Deputy President maintains many overall coordinating functions. By providing office and institutional accommodation, DPW plays a crucial role in facilitating the effective functioning of these departments. In addition, provinces have increasing responsibilities for implementation, and given that most public works activities occur at provincial level, the DPW has a particular responsibility to ensure coordination and coherence between tiers of government. The DPW will work closely with our colleagues in these and other departments at all tiers of government to ensure that public works facilities are built, deployed and maintained in the optimal manner, and that specific socio-economic objectives are coordinated and realised between line departments.

1.4 The objectives of the White Paper

1.4.1 The department officials responsible for the four key areas of activity - public works programmes, property investment, property and facilities

management and project management - have all engaged in consideration of policy options, and are, in this White Paper, presenting arguments about their strategies. The objective is to share the DPW's ideas about the way forward with a larger audience of colleagues in government, the general public, consumers of public works, trade unionists and labourers, private sector agencies and firms, NGOs, academics and professional experts, and international advisors. The DPW has sought "international best practice" to guide our policies, recognising of course that South Africa's legacy is unique and that our strengths and weaknesses are together more acute than perhaps any other country. The Discussion Document on Public Works, the Green Paper on Public Works and this White Paper have been circulated throughout South Africa since July 1996, and substantial modifications have been made by various stakeholders.

1.4.2 In short, this White Paper reflects the DPW's intention to establish a durable strategy that not

only sets out key departmental programmes for the next few years, but that demonstrates how South Africa's broader socio-economic objectives will be met in part through expanded investments in public works and dynamic changes in the DPW's approach to public works programmes, property investments, property and facilities management and project management.

1.4.3 In the rest of the White Paper, Chapter Two provides a conceptual framework for the DPW's evolving role as South Africa enters the 21st century. There are enormous challenges ahead, and in Chapters Three through Six, each of the main DPW areas are considered, including strategic objectives, the legacy of problems, interventions anticipated based on assessments of departmental strengths and weaknesses, and institutional and implementation challenges. Chapter Seven points out the way forward for implementing the DPW White Paper, as it becomes accepted as the key statement of how public works will contribute to South Africa's transformation.



CHAPTER 2

Elements of a Strategic Framework

2.1 The Department's strategic objectives

2.1.1 The strategic framework for transforming the Department of Public Works is being established within the context of government's primary socio-economic objectives, as discussed in Chapter One, as well as with the aims of increasing efficiency and innovation, as subsequent chapters make clear. In step with the broader transformation of government, the DPW is overhauling its own operational activities and policies in order to fulfill the specific roles that it alone can play. In carrying out DPW mandates to provide accommodation to government, to maintain facilities, and to influence and stabilise the construction and property industries, consistency with overall government policies and initiatives will remain the guiding principle. Hence the DPW takes its cue from the Reconstruction and Development Programme, the Growth, Employment and Redistribution macroeconomic strategy, the White Paper on the Transformation of the Public Service, and other policy documents that reflect the transformation underway in South Africa.

2.1.2 The DPW's objectives entail a fundamental departure from past practices in divisions responsible for "property holdings" and "property and facilities management." Government properties will now be categorised and each type will be managed according to the best international practice. As discussed in Chapter Four, the acquisition of new property will also be based on appropriate financial analysis, incorporating transparent calculations of direct and indirect social costs and benefits. Unlike the past, suitable cost-benefit evaluations will form the basis of new acquisitions. With regard to property and facilities management, service provision will be client-oriented, as discussed in Chapter Five. In this way, accountability to government agencies and departments - and in the process to the broader society - becomes the critical factor. Internationally, innovative experiments in this field are underway, and will be continually studied so that the DPW learns the appropriate lessons. A further departure from the past is the introduction and promotion of a more holistic Project Management approach, as Chapter Six describes.

2.1.3 **Good governance.** The DPW's commitment to good governance demands a public dialogue about the Department's four key areas of activities, and indeed it serves as a foundational principle for

the entire web of interrelated initiatives within the DPW. It also allows the DPW to tackle its own inherited internal challenges - such as the lack of client focus, regulatory impediments, lack of a common vision, the threat that change presents, and an inappropriate organisational structure and approach to management - as described in subsequent chapters. For the first time in its history, the DPW's undertakings provide meaningful and well-targeted service to both government and society as a whole. The ultimate test is the extent to which the DPW's performance enriches people's lives through its distinctive contributions to overall government objectives.

2.1.4 **Socio-economic objectives.** By virtue of its functions, DPW is in a position to make specific contributions to overall government objectives, in large part by including socio-economic factors in cost-benefit analyses related to departmental operations for the first time. These factors include job creation, Human Resources Development; redistribution of income; support for SMMEs, cooperatives and NGOs; new production regimes that stress labour-intensity for workers and community participation and control for beneficiaries; promotion of employment equity and affirmative action; environmental protection; energy conservation; better access to buildings for disabled South Africans, along lines suggested in the Integrated National Disability Strategy; and increased (appropriate) public access to South Africa's natural and built heritage. Each objective will be considered.

2.2 **Job creation.** Whereas a variety of government initiatives aim at creating employment opportunities in various sectors, DPW's job creation role is particularly critical in that it is mostly targeted at transforming the construction sector towards increased use of unskilled and low-skilled labour, the very types of labour that suffer the highest unemployment rates. Women and youth require special targeting, and it is important for all public works projects to explicitly consider how, within a local labour market, to achieve better balance in terms of gender and generation. The DPW is also committed to opening up accessible employment opportunities for disabled workers. It is government's goal to increase job creation to reach a level above 400 000 per annum by the turn of the century, with 100 000 of these related to labour-

based infrastructural development and public works projects. It is clear that the DPW has a critical role in employment generation and transformation of job opportunities. To the extent that the DPW contributes to the transformation of the construction industry, its impact will be felt widely in the creation of 300 000 additional private sector-generated jobs, with greater emphasis on unskilled labour, women, youth and disabled workers. As highlighted in the National Public Works Programme, both direct and indirect effects of DPW activities will be crucial for the introduction and promotion of labour-based technology in development and maintenance of state assets, particularly in light of their importance as a direct poverty-alleviation strategy. During a recessionary environment, when job creation and poverty alleviation is particularly crucial, the DPW must play a "counter-cyclical" role.

2.2.1 Human Resource Development. As one of the major actors in the construction and property sectors, the DPW is in a position to create and promote HRD opportunities in these and associated activities. The DPW is supporting related initiatives of the Department of Labour, as well as encouraging companies to increase their skills development and training systems. Monitoring and mentorship will be promoted, in a context of lifelong learning, portable skills, the National Qualifications Framework. Universities and technikons will also be encouraged to advance HRD in the construction and property industries, and private sector training and educational programmes will be utilised for DPW's own staff training where appropriate. In order to promote employment equity and affirmative action, the DPW recognises the significant role of Human Resource Development in equipping and training those agencies which target women, youth and disabled people.

2.2.2 Support for SMMEs, cooperatives and NGOs. Through the transformation of tender processes, the DPW is integrating smaller enterprises - especially those run by women, youth and disabled people - into construction and property operations, and is enhancing its maintenance operations via outsourcing and subcontracting. The DPW is developing closer ties to key Department of Trade and Industry programmes that support SMMEs with financing, technical backup, training and logistical matters.

2.2.3 Transforming production. In addressing the outmoded production regimes that often prevail in the construction sector, the DPW is responsible for some of government's largest employment projects (such as the National Public Works Programme) and has the opportunity to promote the use of labour and more appropriate supply of building materials

in order to increase employment per unit of expenditure, subject to economic efficiency. It also has the capacity to influence all government departments in the use of labour-intensive methods. Labour-intensive construction entails the design of systems aimed to create a significant increase in employment opportunities, hence the importance of the role played by engineers and architects. Labour-intensity should, therefore, be distinguished from "labour-extensivity" in which a large number of labourers are employed for the sake of job creation and at the expense of efficiency. In addition, the DPW stresses the importance of community consultation, participation and control for beneficiaries of public works projects. Consultation with disabled people is particularly important given their special needs, which are usually overlooked. And transforming production also entails means of targeting and equipping women and special categories of youth who are most vulnerable.

2.2.4 Employment equity. Employment and occupational equity will be carried out in public works projects with respect to race and ethnicity, gender, and youth, as well as through providing job opportunities for disabled workers - along with providing full access to disabled people who use public facilities. It is recognised that thus far, men have benefitted more from public works employment opportunities than women, and timetables, goals and targets will be better developed in future programmes. In addition, in order to assure employment opportunities for youth, clear targets and multi-skilled training programmes consistent with the South African Qualifications Authority will be established. Local conditions will offer different opportunities and challenges. But in general, affirmative action in public works projects will entail providing increased access to child care facilities and more actively preventing gender discrimination and sexual harassment, with the aim of increasing the involvement of women workers. It will entail adopting recommendations within the Integrated National Disability Strategy and the Green Paper on Employment Equity. And major innovations will be pursued, such as the Ten Point Plan for enhancing emerging entrepreneurial activity through the procurement process.

2.2.5 Redressing uneven development. Consistent with urban and rural spatial policy, the DPW is committed to redress uneven geographical development by increasing both the provision of public services as well as asset creation through new public facilities in underdeveloped areas. This will entail extensive interaction with other government departments and local community organisations of various sorts, and capacity-building support so that communication and consultation is a two-way process.

2.2.6 Enabling access by disabled people. Consistent with recommendations in the Integrated National Disability Strategy, The DPW is committed to making all buildings in its domain - particularly pension pay-out points, courts, police stations and Department of Home Affairs offices - easily accessible for disabled people; encouragement will be offered to provincial and local government to do the same. National Building Regulations will be revisited, and environmental accessibility norms will be established. These provisions will also apply to all properties being considered for investment or disposal. Estimates of the cost of this at national level exceed R300 million per annum for the foreseeable future; a small start has been made with R12 million budgeted in 1997/98. This amount will progressively grow until the DPW's commitment is honoured.

2.2.7 Protecting the environment and conserving energy. Environmental protection, energy conservation and increased (appropriate) public access to the natural and built heritage are all considered to be absolutely essential to South Africa's well-being, and the DPW is committed to avoiding projects and practices which are not ecologically sound. Adherence to an Integrated Environmental Management Process will emphasise developmental and social objectives, and environmental impact assessments will be conducted with participation by community and environmental organisations. Particularly in handling large amounts of land or large projects, the DPW will conduct impact assessments of the built form, of construction processes and of building materials, and make any disposal or acquisition subject to the Integrated Environmental Management Process.

2.2.8 The combined effect of meeting these socio-economic objectives will enhance the standard of living and the quality of life in South Africa for many more millions of citizens each year. Together with its nine provincial counterparts and local authorities, the DPW and its regional offices aim to realise our socio-economic objectives across the entire country. In this respect, economic growth will become better geographically distributed than at any time in South Africa's history, and will have considerable developmental impact.

2.3 How DPW functions meet socio-economic objectives

2.3.1 The DPW's ability to meet socio-economic objectives reflects operational aspects of the Department's key functions: delivery of services and construction of facilities; providing an enabling environment that allows the construction industry to also realise socio-economic objectives; ensuring that such objectives are pursued in the Community-

Based Public Works Programme; and maintenance and facilities management. Each is considered in turn.

2.3.2 Delivery of services and construction of facilities.

2.3.2.1 The DPW will make a contribution to the achievement of socio-economic objectives in part by conducting pilot/training projects in the course of delivering services and constructing new facilities. These pilots will be deliberately identified, carefully planned, meticulously implemented, thoroughly monitored and independently evaluated. The lessons learned from this process will then be incorporated into larger-scale initiatives to be incorporated into a long-term programme. During the implementation of pilot/training projects, the DPW will strengthen its own monitoring and evaluation capacity. Systems will be developed to see how socio-economic objectives are being met and the results will be fed back into improved processes.

2.3.2.2 The DPW acknowledges the need for all major or strategic projects to adhere to strict socio-economic criteria, including addressing a specific recognised need, being appropriate to the intended climate and locality, making optimal use of local resources, contributing skills development and jobs, promoting entrepreneurship, protecting the environment and conserving energy. Monitoring and auditing of how the DPW has met socio-economic objectives, conducted by the National Public Works Programme Unit, will be a feature of the DPW's Annual Report.

2.3.2.3 The DPW will also ensure that all its capital projects are structured to provide technical and entrepreneurial training, and targeted to promote local resources and utilisation of construction-related small enterprises. Delivery, contracting, maintenance and administrative models will be restructured to meet these objectives.

2.3.2.4 Project-related training programmes will include attention to the following: criteria, screening, selection, training, testing, probation, refresher courses, monitoring and evaluation. Community level involvement is considered essential.

2.3.2.5 In particular, capacity-building for SMMEs, cooperatives, NGOs and other community organisations communities is critical. The DPW will use its position as policy maker and client to foster capacities. It will help identify the capacity-building that is required, commit resources to long-term maintenance, and institute

not just training programmes but a broader process for capacity-building in each project.

2.3.3 An enabling environment for the construction sector.

2.3.3.1 In the DPW's relations with the construction industry, at least three different types of contractual relationships will be enhanced: (i) between DPW and established contractors; (ii) between DPW and maintenance/construction managers (and separate contracts between DPW and small contractors who are participating in a small contractor development programme); and (iii) between DPW and small contractors (part of a small contractor development programme) where the DPW plays the role of the maintenance/construction manager. Appropriate tender procedures and contract documentation will be developed. The DPW will monitor and evaluate these developments, and will ensure that socio-economic objectives and sound labour relations are being realised through the tendering process, including those relating to the empowerment of women, youth and disabled people.

2.3.3.2 Government's Ten Point Plan for procurement access for emerging entrepreneurs, amplified in the Green Paper on Public Sector Procurement Reform in South Africa, aims to increase access to tendering information, provide tender advice centres, review procurement procedures on small contracts, waive security and surety requirements under some circumstances, break work packages into smaller contracts, pay for work more promptly, assure effective targeting of resources, simplify tender submission requirements, appoint a procurement ombudsperson and classify building and engineering contracts more appropriately. Prompt payment for emerging entrepreneurs is critical, as is close monitoring of their work.

2.3.3.3 To achieve wider socio-economic objectives, the DPW will play a leading role in the development of methods of property and facilities management, particularly procurement and implementation.

2.3.4 The Community Based Public Works Programme.

2.3.4.1 As discussed in more detail in the next chapter, the Community Based Public Works Programme (CBPWP) is aimed at poverty alleviation through job creation, skills training, delivery of needed assets, and capacity building. Given the objectives and time frames of the

Growth, Employment and Redistribution strategy, the CBPWP is one of the critical programmes of government that provide a safety net for vulnerable groups during the transition period. As such, the target groups for the CBPWP are the rural poor, women, youth and disabled people.

2.3.4.2 The importance of the CBPWP also lies in building the capacity of civil society to engage with development issues. Community structures are developing capacity to manage development projects. NGOs are being given opportunities to manage delivery and to provide training. This is in line with government's commitment to developing partnerships for the implementation of the RDP.

2.3.4.3 International experience confirms the centrality of programmes of this nature during periods of economic stagnation and in countries going through a major political or economic transition. The DPW is working closely with other line function departments, provinces and local authorities to ensure rapid and effective CBPWP delivery, as well as the adoption of CBPWP principles in similar programmes at all tiers of government. And by leading the government delegation to the Development Chamber of the National Economic Development and Labour Council, the DPW's responsibility for implementing the CBPWP is further enhanced.

2.3.3.4 A monitoring system is in place for the ongoing measurement of CBPWP performance and impact. Furthermore, the DPW has put in place external evaluations at appropriate intervals to ensure ongoing adjustment of the programme to improve its socio-economic impact.

2.3.5 Facilities maintenance and management.

2.3.5.1 The DPW aims to ensure that maintenance work continues to be done labour-intensively. The DPW is embarking upon a programme of education to transform its managerial staff. Furthermore, in collaboration with the Department of Education, the DPW will champion a significant expansion in the development of artisanal skills through existing technical colleges.

2.3.5.2 Maintenance also provides opportunities for alternative methods of delivery. It should be possible for many maintenance services to be provided by the private sector - especially small enterprises - depending upon the balance between in-house departmental capacity and out-sourcing; the method of out-sourcing; and the effect of the legacy of the past upon development, quantity

and pace supply of sub-contractors and small enterprises.

2.3.5.3 The long-term commitment of resources to maintenance and to co-ordination between maintenance and the training programme will lead to successful trainees having proper work to do at the end of their training, which in turn will boost confidence at all levels in society.

2.3.5.4 Small enterprises will be given priority consideration in maintenance out-sourcing, and the limited scope for entry of new (less experienced) providers will be addressed, including reducing the severe limitations imposed by existing procurement requirements. Support will be provided to small maintenance contractors in four main areas: continuity of work, access to advice, access to training, and finance.

2.3.5.5 In addition to maintaining facilities, the DPW must manage what are at present superfluous assets. Hence some properties or land holdings within the public works portfolio will be sold or leased out with the aim of meeting socio-economic objectives. In particular, the DPW recently reached an agreement with the Department of Land Affairs to ensure that state land superfluous to the needs of the state should be disposed of for development purposes (especially land reform), within the framework of the Development Facilitation Act. This will reduce uncertainty associated with custodianship of state land.

2.4 Institutional requirements and implementation

2.4.1 The DPW will continue to examine and restructure the way in which it provides public facilities. Internally, the DPW will apply strategic management procedures in pursuit of sound business practice, in the context of socio-economic objectives. This will entail a process of departmental rightsizing over a period of five years, in which through attrition, severance packages and voluntary transformation of employees into entrepreneurs, DPW's staff component will be significantly reduced. The DPW will emerge as a learning-by-doing organisation in which it is accepted that mistakes will be made and amendments or refinements added to the work process as required.

2.4.2 One of the DPW's underestimated strengths is that it is a national institution with regional offices. In terms of influencing implementation, there are advantages to be gained from centralisation, but a balance must be maintained between a head office that sets policy and norms, and decentralisation of appropriate decision-making. Consistent with the Constitution which gives concurrent powers to provinces, the policy formulation process and the setting of norms and standards should draw key inputs from provincial and local counterparts. The implementation of policy guidelines is best undertaken at provincial and other levels, in cooperation with the private sector and civil society.

2.4.3 The Ministry of Public Works has committed itself to the development of a partnership with the provinces to ensure that policy formulation is underpinned by consensus. This will be institutionalised through regular meetings of MINMEC (the Minister of Public Works together with the MECs of the provinces) as the appropriate consultative structure. The national DPW will collaborate particularly closely with those Provincial Departments of Public Works which include other line functions, in order to increase the impact of socio-economic accomplishments. It will seek to provide an accessible framework for all public works projects in relation to training, skills development and transformation of the construction industry. In addition, the DPW will develop much closer relations with the Ministry of Public Service Administration, the Disability Officer within the Office of the Deputy President, the National Youth Commission and the Gender Commission, including co-ordination at the provincial and local levels, in order to realise socio-economic objectives.

2.4.4 With regard to the Constitution, implementation is to be carried out by the lowest level of government which is competent to do so. The DPW therefore will play a facilitative role to build the capacity of lower tiers of government. The Constitution (Schedule 4) provides for provincial concurrent competence for public works "only in respect of the needs of provincial government departments in the discharge of their responsibilities to administer functions specifically assigned to them in terms of the Constitution or any other law." In addition, the DPW is establishing relations with local government structures.



CHAPTER 3

Public Works Programmes

3.1 The Department's strategic objectives

3.1.1 As discussed in the previous chapter, the combination of South Africa's unprecedented unemployment problem, high levels of poverty, lack of skills training and enormous backlog of socially-useful assets for use by the majority of citizens requires the Department of Public Works to make dramatic contributions in the form of public works programmes. Indeed, according to government's Growth, Employment and Redistribution policy document, of the target 400 000 jobs generated annually by the year 2000, "a quarter of the new jobs will be created through accelerated labour-based infrastructural development and maintenance of public works in urban and rural areas."

3.1.2 In similar circumstances, special employment programmes or public works programmes have been implemented in many countries, both industrialised and developing, to create jobs, alleviate poverty, develop skills and create assets. These programmes are funded, coordinated, monitored and evaluated by the public sector. The implementation of projects can be undertaken by the public sector itself, alongside the private sector, NGO and community based organisations.

3.1.3 Such programmes are not in themselves the solution to long-term unemployment and poverty. Rather, they are one element of broader policy and strategy for job creation and poverty alleviation. Their usefulness is in their capacity to create low level jobs relatively quickly, provide training to participants and create socially useful assets. They are also important as a tool for reducing cyclical unemployment.

3.1.4 The DPW is committed to the implementation of public works programmes to achieve the following specific objectives:

3.1.4.1 reduce unemployment by creating productive jobs and opportunities for local contractors, using labour-intensive construction methods in the creation, rehabilitation and maintenance of physical assets which will improve the quality of life of poor communities as well as promote broader economic activity;

3.1.4.2 provide education and training (both vocational and generic) to unemployed people,

especially women, youth and rural dwellers, to increase their chances of becoming self-employed or entering the formal economy;

3.1.4.3 empower communities through providing job opportunities, transferring skills and creating community assets in a manner which builds communities' capacity to manage their own affairs;

3.1.4.4 contribute to building and strengthening provincial government, local government and other local institutions; and

3.1.4.5 provide relief and temporary livelihood support to threatened communities during times of disaster, through maintaining the local economy by bringing funds into the area, preventing the involuntary sale of household and productive assets, and rebuilding infrastructure and building work that reduce vulnerability to disaster.

3.2 Problem statement

3.2.1 The immediate legacy of public works programmes inherited from the previous government is not encouraging. During the 1980s, unemployment rose to levels higher than at any time in history, recessions plagued the economy and black South Africans were denied access by the apartheid government to job creation or creation of socially useful assets. Moreover, when the previous government launched the Special Employment Creation Programme (SECP) in 1983, it failed to coordinate project selection, planning, design and funding. The SECP experienced numerous drawbacks: insufficient funds, fragmented funding allocation, a controversial prescribed wage, excessive politicisation, an inappropriate implementation apparatus, arbitrary budget allocation, and an overall *ad hoc* approach.

3.2.2 In relation to the new government, despite the articulation in GEAR of job creation expectation from the NPWP, the actual job creation potential is still not clear. The efficiency of job creation through the NPWP vis-a-vis other strategies of government has not been tested. This is more so given a possible contradiction between labour intensive construction and the development of a globally competitive construction industry.

3.2.3 The link between the long-term and short-term strategies of the NPWP have not been fully explored, developed and exploited. An example here is the link between people trained in Community Based Public Works Programme and their entry into the formal labour market in the construction industry.

3.2.4 Uncertainty about the duration of the NPWP as a strategy has meant uncertainty over its funding. This has led to year to year planning which is inadequate, expensive and inappropriate for an infrastructure programme.

3.2.5 Professional expertise on NPWP in South Africa is very weak. This is particularly so in relation to economic analysis, technical design and programme management. This constraint does impact on the realisation of the maximum job creation potential of the programme.

3.2.6 By its very nature, the NPWP cuts across all infrastructure delivery departments in ensuring the implementation of its principles in all infrastructure programme and projects. Also the assets created through the CBPWP present possibilities for duplication. Yet coordination mechanisms between the NPWP and related programmes in other line function departments is fairly weak.

3.2.7 The structure and skills in the NPWP unit are currently not adequate to effectively drive and manage the NPWP in all its facets. The personnel budget constraints in the department make it difficult for the unit to mobilise and recruit to cover all the needs.

3.3 Key interventions

3.3.1 In order to address the above challenges, ensure an NPWP that achieves its objectives and contributes to broader socio-economic objectives of government, the department will undertake the following activities:

3.3.1.1 develop and co-ordinate policy on public works programmes, initiate and respond to policy advocacy, monitor and evaluate policy, and help establish a legislative framework that will facilitate public works programmes at national, provincial and local levels;

3.3.1.2 co-ordinate and facilitate the practical reorientation of all national government departments and the provincial and local tiers of government towards a labour-intensive and capacity-building approach to asset creation;

3.3.1.3 develop an enabling environment for the transformation of the construction industry

towards a more labour-intensive and training-oriented approach;

3.3.1.4 implement a community-based public works programme to provide jobs, alleviate poverty, build capacity and create assets at a community level; and

3.3.1.5 investigate the potential for large public works to create employment and strategic infrastructure, and to this end engage in policy and advocacy work alongside colleagues active in other departments responsible for roads, dams, Spatial Development Initiatives, etc.

3.3.1.6 These complementary activities fall under the broad scope of the National Public Works Programme. The next subsection will look at the policy and co-ordination activities of the NPWP as well as the creation of an enabling environment for the transformation of the construction industry. Thereafter the Community-based Public Works Programme (CBPWP) will be discussed.

3.3.2 Transformation of the Construction Industry.

3.3.2.1 The Department's strategic objectives.

3.3.2.1.1 Functionally, the NPWP consists of, on the one hand, the policy development, co-ordination and enabling functions outlined above and, on the other, the Community-Based Public Works Programme that manages actual delivery of projects at community level. This allows the DPW to combine policy, advocacy and implementation.

3.3.2.1.2 Initiatives aimed at transformation of the construction industry - especially the reorientation of public expenditure towards labour-intensive infrastructure development, and the creation of an enabling environment are intended to ensure job creation, skills development and capacity building through the provision of infrastructure on a much larger scale in forthcoming years.

3.3.2.1.3 The DPW is committed to expanding the scale of public works in a manner that supports all other initiatives aimed at the transformation, development and growth of the construction industry.

3.3.2.2 Problem statement.

3.3.2.2.1 South Africa's construction industry has several problems acknowledged by most commentators: it is presently shedding formal labour (for example, 7% of its workers during a

growth year, 1996) in favour of outsourcing and labour-only subcontracting arrangements; it is still dominated by a few large conglomerates with little scope for black enterprise at meaningful scales; there has not been sufficient progress in applying modern, non-racial management techniques on construction sites; construction work remains excessively dangerous and an apartheid wage gap remains relatively intact; and it has used excessively capital-intensive (and import-intensive) technologies.

3.3.2.2.2 The NPWP has already made a significant impact. There is a heightened awareness within government, the private sector and civil society of the importance of both labour-intensive work and training. However, the programme has lacked a clear focus.

3.3.2.2.3 **Labour-intensity in the construction industry.** The established sector of the industry is clearly sceptical of labour intensive methods of construction. They argue that the cost of labour-intensive methods may in some instances be higher due to increased direct financial costs and indirect costs such as increased time to complete projects. Managers often perceive lower productivity using labour-intensive methods.

3.3.2.2.4 **Wages and working conditions.** Recently, the wages, working conditions and job security of workers in the formal sector have suffered erosion. In particular, there has been a proliferation of labour subcontractors, many of whom pay workers on a contract basis at well below formal wage rates. In addition, there has been a lack of attention to health and safety standards in an industry which, due to the nature of work, is noted for its high accident rate.

3.3.3.3 Key NPWP interventions.

3.3.3.3.1 **Implementation of pilot project.** The department manages the implementation of a number of pilot projects, both civil engineering and building related. Lessons learnt feed into policy development. These projects are also an important reorientation tool. As such relevant line function departments, both national and provincial, are involved in their implementation. Professional skills development in design and construction management consultants is also achieved.

3.3.3.3.2 **Labour-intensive construction methods.** The DPW actively encourages the adoption of different implementation methods. This encouragement has thus far included promoting the adoption of technology appropriate

to labour-intensive construction, ensuring that NPWP principles are incorporated in projects, assuring contractual arrangements for implementation, and ensuring that funds provided are properly and well spent. In future, the DPW will also play a more active role in regulating the labour regime.

3.3.3.3.3 **Sectoral accord.** The DPW is party to *Nedlac's Agreement on Job Creation in the Construction Industry*, which proposes a sectoral accord between the major social partners, regarding wages, benefits and minimum standards for workers on public works programmes. This should serve to curtail the use of labour brokers and casual labour in the industry. The DPW will implement the regulatory framework for public works suggested by the Department of Labour, including a Wage Board establishing a wages framework, collective bargaining forums, wages linked to the local economy, a monitoring inspectorate to ensure maintenance of standards, and appropriate training, capacity building and information sharing. The DPW will work with its social partners to identify bottlenecks to delivery and agree on mechanisms for their removal, including appropriate strategies on capacity-building and financing.

3.3.3.3.4 **Emerging Contractor Development Programme (ECDP).** The ECDP will provide direct and comprehensive support to small-scale and emerging contractor enterprises. An important role of this programme is influencing construction industry transformation in a manner that purposely encourages the emergence of small and emerging enterprises to meet new capacity requirements. The need for such a programme is based on a recognition that measures instituted so far by government which do not address the full scope of problems encountered by these enterprises. The composition, role and programme objectives of the ECDP will also be outlined in the *White Paper on Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry*.

3.3.3.3.5 **Wages and working conditions.** The DPW is committed to taking the necessary steps to halt and reverse the casualisation of labour in the construction industry. Regarding wage rates, the DPW endorses a minimum floor and a common wage order, covering all those engaged in construction activities, and taking account of regional and project specific variations based on the classification of job activities within which there may be grades of skill. Payment linked to productivity as opposed to time spent on the job is proposed for categories of work for which

labour may be substituted for machines in order to create jobs.

3.3.3.4 Institutional requirements.

3.3.3.4.1 National Public Works Programme Unit. After several workshops and strategic sessions held by the NPWP staff, bilateral discussions with research and policy organisations inside and outside government, and consultations with a targeted group of key individuals from a wide range of policy and research related organisations, the DPW's NPWP Unit has undergone a transformation to enhance its policy development capacity. The Unit will be structured in such a way as to draw on a range of skills and expertise from a variety of institutions and individuals. It will draw in international experts, researchers and students for specified periods when required.

3.3.3.4.2 Policy development. Policy development within this unit encompasses a number of different, but related activities, including policy formulation and generation, policy co-ordination (within and outside of the Unit), policy networking, a policy advocacy role, and the monitoring and evaluation of policy. The NPWP Unit will also have a responsibility with regard to policy development on community-based public works.

3.3.3.4.3 Departmental feedback. Clear mechanisms and structures will be put in place to allow for input from any point in the DPW to be filtered to the NPWP Unit and visa versa. It is of utmost importance that policy researchers continuously receive feedback regarding their work from colleagues inside and outside the Unit. At least three mechanisms will be created to allow for collective policy coordination and debate and the assessment of the policy development work of the Unit: regular open departmental policy seminars, open to anyone in the DPW; regular structured meetings between the NPWP Unit and the various operational divisions; and the establishment of a Technical Advisory Committee (made up of key individuals inside and outside of government) which will assess the work of the unit on a regular basis.

3.3.3.4.4 Construction Industry Development Board. In order to implement programmes which address the volatility of demand, improve construction industry performance, develop the capacity of the emerging sector, promote a streamlined regulatory framework and enhance government's capacity to manage delivery, the DPW will also establish a Construction Industry Development Board (CIDB) to advise on policy and on any existing and proposed legislation

which affects the industry and to support and champion enabling environment programmes. The composition, role and programme objectives of the CIDB will be outlined in the *White Paper on Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry*, to be released at the end of 1997.

3.3.3.4.5 Partnerships. The DPW will enter into agency agreements with private sector and non-governmental organisations (e.g. research organisations, universities, training institutes, consulting firms, financial institutions) to obtain support for the planning and implementation of the enabling environment programmes, and to enhance the impact of construction industry initiatives on emerging enterprises, job creation and capacity building.

3.3.3.4.6 Interdepartmental Forum. The DPW is committed to promoting labour-intensive methods to all relevant government departments as well as the provincial and local tiers of government, thus maximising the potential for job creation. It will take the lead in establishing an Interdepartmental Forum to promote awareness and policy coherence with regard to labour-intensive methods throughout the public sector. It will identify departments that should participate in the Forum, including in particular those departments engaged in the delivery of infrastructure, notably the Departments of Water Affairs, Constitutional Development, Housing and Transport. The Forum will focus on a labour-intensive approach towards public sector contracts for the construction industry.

3.3.4 The Community-Based Public Works Programme

3.3.4.1 The Department's strategic objectives.

3.3.4.1.1 International experience has highlighted the ability of community-based public works programmes to provide jobs, alleviate poverty, build capacity and create community assets. Evaluations of the CBPWP over the past three years have demonstrated that the CBPWP has an important role to play in attacking poverty and stimulating community development.

3.3.4.1.2.3 Upgrade the living standards and quality of life of the poorest segments of the population by providing basic community level infrastructure;

3.3.4.1.2.4 Stabilise and improve community livelihoods that are threatened by drought and other disasters;

3.3.4.1.2.5 Build capacity of local development organisations and local government structures to manage community development ventures;

3.3.4.1.2.6 Promote partnerships between the public sector, the private sector and civil society in managing community development ventures.

3.3.4.2 Problem statement.

3.3.4.2.1 In 1994, the CBPWP was launched as a Presidential Lead Project within the NPWP, on the basis of a grant of R250 million allocated from the RDP Fund. A further R100 million was made available from the RDP Fund towards the end of 1995. Funds were channelled to communities through provincial governments and non-governmental organisations (NGOs). A total of 947 CBPWP projects have been started and 5,3 million worker days have been created. Funding applications amounted to R1,2 billion. Clearly confirming the importance of the programme in addressing community needs.

3.3.4.2.2 The projects are creating assets for use by the communities in which they are being implemented. On average each of the 947 projects serves between 700 and 1300 persons. The total allocated funds to projects by February 1997 was R236 million. This means that, on average, the public expenditure on each beneficiary is about R347. This highlights the fact that the CBPWP is an extremely cost-effective means of social upliftment.

3.3.4.2.3 The implementation of the CBPWP has been a learning process and a number of specific issues have been identified to be addressed as the programme expands: lack of reliable information and adequate monitoring mechanisms; the excessively short-term nature of projects; insufficient skills development and upgrading; inadequate wages and working conditions; ineffective targeting of women, youth and the disabled; failure to maintain completed projects; distant supply of material; and the need for greater attention to local sensitivities.

3.3.4.2.4 **Lack of reliable information and adequate monitoring mechanisms.** Existing CBPWP projects lack formal, built-in monitoring and evaluation mechanisms. The lack of information means it is difficult to assess whether projects are creating jobs and skills by delivering infrastructure through processes that are both community-driven and cost-effective.

3.3.4.2.5 **Short-term nature of employment.** The NPWP currently creates assets that only provide

employment during the construction phase. The size of the assets (less than R500 000) means that the duration of projects is generally six months or less. Therefore, projects provide short-term relief for the unemployed without any further opportunities.

3.3.4.2.6 **Insufficient skills development and upgrading through training.** CBPWP projects are often unable to resolve the conflicting objectives of creating an essential asset quickly versus the need to adequately train workers on the project. The short duration of many public works projects does not lend themselves to training and capacity building. Training facilities and organisations are also insufficient in number, inaccessible to rural areas, and not sufficiently well known.

3.3.4.2.7 **Wages and working conditions.** There are no clear guidelines on wages and working conditions on CBPWP projects. In many instances, wages are unacceptably low. This inhibits the potential role of public works in community development by restricting the amount of money entering and circulating in the local economy.

3.3.4.2.8 **Targeting women, youth and the disabled.** The balance between women and men working on CBPWP projects is still generally biased towards men. Those women who participate in public works employment perform menial tasks, such as carrying, making tea and otherwise assisting men. Targeting the most needy is difficult; low-income rural women are often difficult to reach given poor channels of communication and inadequate access to labour market information flows. The inclusion of pregnant women is perceived by managers to be counter-productive to cost-effectiveness and delivery time. The needs of youth and the disabled have also received very little attention.

3.3.4.2.9 **Maintenance of completed projects.** Although assets created through public works programmes are ultimately supposed to be maintained by line function departments, it has never been clear who actually assumes responsibility for maintaining the finished assets and many assets run the risk of falling into disrepair.

3.3.4.2.10 **Supply of materials.** Materials required for CBPWP projects are often manufactured at a considerable distance from the location of projects. This not only entails high costs for transporting materials but also prejudices small contractors located near the project. In many instances there is nowhere to store large quantities of materials

within communities. This requires transporting small loads from the manufacturer. As this is uneconomical, there is sometimes an unwillingness to supply materials to projects in distant areas.

3.3.4.2.11 Local sensitivities. The choice of both project labourers and technical experts has caused considerable tension and conflict on a number of projects.

3.3.4.3 Key CBPWP interventions.

3.3.4.3.1 The DPW is committed to the continuation and expansion of the programme for at least the next fifteen years. For 1997/98, R300 million has been requested, and for 1998/99, R1 billion. The DPW is determined to enhance the CBPWP by introducing world-class targeting, monitoring, and institutional arrangements to ensure that the programme benefits the poorest of the poor, women, the aged, youth, children, rural dwellers and the disabled. The DPW will address the specific issues and problems which emerged during the first years of the CBPWP.

3.3.4.3.2 Establishment of monitoring mechanisms. Monitoring and evaluation procedures must become an integral part of the programme at all stages of its development and implementation. It must include evaluation of projects after their completion, especially with regard to ongoing maintenance of the assets created. The DPW is committed to establishing an independent, standardised monitoring and evaluation mechanism for all CBPWP projects. Information obtained will be taken into account in awarding subsequent contracts and allocating further funds to CBPWP projects.

3.3.4.3.3 Skills development and training. Funding of projects will be contingent on the integration of an adequate training component into the projects. The DPW will monitor all projects to ensure the implementation of satisfactory training. The training standards for the CBPWP will be developed in keeping with the South African Qualifications Authority in order to ensure that training offered is of such quality that the beneficiaries are employable. In conjunction with the Department of Labour, the DPW will engage other stakeholders to explore various training options as well as employment opportunities beyond the CBPWP, including possible career pathing in the construction industry.

3.3.4.3.4 Wages and working conditions. The DPW is committed to developing a regulatory

framework with its social partners to set acceptable conditions of employment for people working on CBPWP projects. Conditions must be set in such a way as not to undermine wages, working conditions and job security in the formal construction sector. The DPW is committed to a thorough process of engagement with the relevant roleplayers in order to arrive at acceptable conditions, within the context of the primary objectives of the programme.

3.3.4.3.5 Targeting women, youth and the disabled. The DPW commits itself to the development of a coherent policy for targeting marginalised groups, including the development of clear criteria in this regard. In implementing the CBPWP, the DPW will continue to target women, youth, and the disabled and other marginalised sectors in keeping with the RDP principles. When considering the costs of projects, the social benefits of including the most needy will be given sufficient weight. The allocation of funds will be made contingent upon inclusion of these groups. Projects will be monitored to ensure compliance in this regard. The DPW will establish partnerships with SMMEs, community-based organisations, co-operatives and NGOs which focus on marginalised groups, particularly those that work with communities in rural areas.

3.3.4.3.6 Project facilitation. The DPW will establish project facilitation processes prior to the commencement and during the implementation of projects. It will encourage local authorities and delivery agencies, including NGOs and co-operatives, to work closely with communities in the planning, management and evaluation of projects in a way in which communities retain control over the delivery process.

3.3.4.3.7 CBPWP asset maintenance. The DPW is committed to coordination with other line departments to ensure that CBPWP assets will be maintained. Maintenance will also be used as a further job creation opportunity.

3.3.4.3.8 Supply of materials. The DPW will investigate ways in which building materials can be made available in close proximity to communities, especially rural communities, so that small contractors and other community-based delivery agencies will be in a position to carry out contracts cost effectively.

3.3.4.3.9 Relief for drought and other disasters. Given that a devastating drought (associated with severe changes in the El Nino phenomenon) is expected over wide areas of South Africa during 1997/98 rainfall season, it is appropriate that

plans are made now to broaden the programme for disaster relief in rural areas. Experience suggests that it is cost-effective to expand an existing programme rather than creating a specific drought relief or food relief programme each time there is a new requirement. A national early warning system for food and water security is required in all years, since problems of a small or a large nature often occur.

3.3.4.3.10 Extension of employment opportunities. The DPW proposes to revisit the type of assets created through the CBPWP. Emphasis will now be on productive assets. In this way short-term employment will be created during construction, and sustainable income generation activities will emanate from the actual asset itself. Furthermore, the department is proposing to link CBPWP project to the emerging spatial development initiatives. Again this broadens opportunities for permanent employment and sustainable income generation.

3.3.4.4 CBPWP institutional requirements.

3.3.4.4.1 The DPW is committed to the continuation of the CBPWP for at least the next 15 years. As such it will not be treated as a short-

term programme, but as one of the business lines of the department. Discussions are underway with the Departments of Public Service and Administration, and State Expenditure to assist the DPW in addressing the institutional requirements for the CBPWP.

3.3.4.4.2 The DPW will facilitate an interdepartmental coordinating mechanisms with following departments: Water Affairs and Forestry; Agriculture and Land Affairs; Welfare; Provincial Affairs and Constitutional Development. This is to ensure linkages and better impact of all related programmes in these departments.

3.3.4.4.3 The DPW will continue its monthly coordinating meetings with all the delivery agencies of the CBPWP. Further coordination structures will be established at a provincial level.

3.3.4.4.4 The DPW will continue to use its government delegation leadership role in the Development Chamber of NEDLAC to further the interests of CBPWP and related programmes. The DPW will ensure that the Chamber plays its important role of policy negotiation and information dissemination in all matters relating to the CBPWP.



CHAPTER 4

Property Investment

4.1 The Department's strategic objectives

4.1.1 The Department of Public Works Property Advisory Services Division recognises that investment decision-making includes establishing a strategy; establishing inputs, output and outcomes; establishing returns/risk objectives; forecasting expected costs and returns (financial and social); assessing investment risk and sensitivity; making risk-adjusted evaluations of the forecasted costs and returns, educating and communicating with the client; implementing accepted proposals; and auditing performance. In carrying these out, the DPW's property investment objectives are:

- to protect and enhance the state's resources through prudent acquisition, development, hiring and disposal of immovable property;
- to ensure that government's key socio-economic objectives are factored into property investment decisions;
- to make property investment decisions in a manner that is consistent with effective and efficient governance;
- to effectively and efficiently meet the present and planned accommodation needs of client departments;
- to provide sufficient, suitable land to various user departments tasked with meeting key developmental and transformational objectives of government;
- to manage the portfolio in a manner that contributes to the overall fiscal priorities of government; and
- to implement a "social and economic auditing" function by assessing the overall socio-economic impact of investment decisions.

4.2 Problem statement

4.3 In the quest to meet strategic objectives, the DPW faces a number of challenges. Among these are lack of guidelines for investment, fragmentation of the state's portfolio, the size of the portfolio, inefficiencies, lack of information, inadequate skills,

and lack of accountability by client departments. Each is considered in turn.

4.3.1 **Lack of uniform guidelines for property investment decisions.** The inherited portfolio and investment decision tools reflect policies designed to serve apartheid. The establishment of investment priorities requires a new set of priorities from government departments. In the new dispensation, meeting accommodation needs requires innovative approaches.

4.3.2 **Fragmentation of the state's portfolio.** The portfolio is spread through various tiers of government and parastatals whose core functions do not include custodianship of government property and which sometimes do not possess the necessary expertise to efficiently manage property. No coordination exists between these different entities, resulting in lack of responsibility, inconsistencies and a duplication of effort in handling the portfolio. Currently, it is difficult to design uniform investment and disinvestment policies.

4.3.3 **Size and diversity of the portfolio.** The strategic positioning and size of the portfolio pose both opportunities and challenges. The huge size, geographical spread and diverse nature of the portfolio as well as large tracts of vacant land and vacant buildings give government leverage in meeting socio-economic needs. The challenge lies in making portfolio, investment and disinvestment strategies for the portfolio that do not negatively affect the broader property market.

4.4 **Inefficiencies in the public works portfolio.** Traditionally there has been no clear, scientific basis for determining property investment decisions (acquisition, refurbishment and repositioning) and disinvestment (disposal) decisions, as well as control of expenses. This has resulted in inefficient utilisation of buildings and leased accommodation, severe backlogs in maintenance of existing assets, lack of clear strategies for managing vacant land, and suboptimal land use. Bottlenecks and delays are frequent in the acquisition process, in part due to lack of adequately-skilled personnel. To date, the DPW has, for the most part, disposed of state properties on an open tender basis and to the highest bidder, which invariably results in entrenching the status quo, where individuals and companies that

have access to information and finance, enjoy a massive competitive advantage.

4.4.1 Absence of an integrated management information system (MIS). Data on the portfolio has historically been incomplete, lacks integrity and is not housed in a single and accurate asset register. The DPW lacks an efficient computer system. This has resulted in the DPW being unable to make accurate investment decisions and assess the portfolio's performance. This is manifested in, for example, numerous empty and under-utilised properties and the inability to retrieve unutilised land formerly allocated to client departments.

4.4.2 Lack of appropriate skills. The specialist structures and skills required for best practice investment analysis are non-existent in the DPW and experts are both scarce and costly on the open market.

4.4.3 Lack of accountability by client departments. The fact that client departments traditionally do not pay for their accommodation results in under-utilisation of space and inadequate care of assets. There are insufficient mechanisms to ensure financial discipline. Client departments often fail to communicate their accommodation needs properly, and only a few departments are identifying accommodation needs in geographic locations which were previously discriminated against.

4.5 Key policy interventions

4.5.1 To rectify such problems, the Property Advisory Services Division proposes a set of policies for fixed property investment decisions and the provision of accommodation to government departments which are in turn guided by the broader policies of government. Among key initiatives presently being developed are incorporating social objectives into property investment decisions and aligning property investment functions to macroeconomic objectives. These are examined first, prior to discussing internal DPW restructuring initiatives.

4.5.2 Incorporating social objectives into property investment decisions. In the acquisition of properties, the DPW will comply with principles espoused by the Constitution, the *Reconstruction and Development Programme, the Growth, Employment and Redistribution strategy, the National Public Works Programme, the national and local spatial development framework* and other key statements of policy. Recognising the DPW's broader social responsibilities, disposal of assets will occur using a "proposal call" approach that incorporates socio-economic objectives and promotes participation by smaller investors, property developers and property practitioners who were

previously excluded from participating in the property industry. To this end properties will be packaged into smaller units, and conditions of sale or acquisitions will be designed so as to promote access by small enterprises. As noted earlier, disposal of unutilised land is also being undertaken in conjunction with the Department of Land Affairs, prior to being offered on the open market, for the purposes of land reform. There is also ongoing collaboration with the South African National Defence Force to identify socially-beneficial uses of former military land and bases. Other strategies to be considered include soft loans for purchase of DPW properties that are designated for disinvestment at market value, and pilot projects - ranging from disused mines to hospital buildings - to assist in the evaluation of creative alternative social uses of DPW assets (several of these have already been established). Earlier examples of DPW provision of property for socio-economic objectives include a clinic in Phoenix, outside Durban, and the Turkish baths in Hillbrow, Johannesburg, both made available to non-profit, socially-oriented groups at a nominal rate.

4.5.3. Other social objectives that will be incorporated into investment decisions include creating employment, enhancing HRD in the property industry, promoting alternative production regimes (including increased labour-intensity) in the construction industry, promoting the construction of government facilities in under-serviced areas in consultation with client departments, increasing the quality and standards of property development and maintenance in underdeveloped areas, protecting the environment, conserving energy, increasing the public's access to natural resources, recognising the needs of disabled people, and embarking upon other creative affirmative action initiatives with respect to race, gender and youth participation in the property industry. In the event of preferential sales, mechanisms (such as reversion of ownership back to the DPW) will be implemented to prevent rapid resale. Achieving such goals will require the allocation of more administrative support within the DPW.

4.5.4. The DPW is undergoing internal transformation in order to accomplish both broad governmental objectives and more efficiently carry out its mandate. This includes restructuring the DPW to highlight the new approach to property investment; improving the investment analysis function; establishing a management information system and asset register; enhancing flexibility within the portfolio; establishing public/private partnerships; promoting innovation; investigating a range of implementation models; and planning and communicating short-term triggering projects. These are discussed next.

4.5.5 Restructuring the DPW. No transformation can take place unless the agent of change is suitably structured. The DPW is creating new organisational instruments for policy, management and auditing of the state's property assets:

4.5.5.1 The National Public Works Programme Unit will play a crucial role in locating investment decisions and activities within the context of broader policies of government. The Unit will further provide strategic planning and research facilities.

4.5.5.2 A new Property Advisory Services Division will be equipped with sufficient human resources and investment decision-making tools so it is able to advise and take investment decisions and audit the portfolio on behalf of government as the owner of property portfolio, and to provide advice to departments as accommodation users and clients. The division will manage investments inputs, focus on outputs and strive to achieve strategic objectives.

4.5.6 Investment analysis. In pursuit of good governance and fiscal discipline, the DPW aims to maximize returns and optimize property use within the existing portfolio and in the acquisition and sales of assets. This will both increase the DPW's efficiency and more directly satisfy client needs. The Property Advisory Services Division is establishing guidelines and mechanisms for financial analysis, including market-related valuations, investment or feasibility analyses, life-cycle costing and value engineering. Such analytical tools will be utilised in all development, expropriation, acquisition, upgrading, maintenance, disposal and property leasing decisions. Investment analysis tools are being designed to take into account the functions of different property types, including specialist properties like police stations, jails and military installations, as well as market-related office buildings, houses and vacant land. Such analysis will also incorporate unique client requirements (for example security in the case of the military and prestige in the case of certain other departments). Market-derived norms in investment analysis and evaluations will be used as far as possible. Where there are no market-derived norms and where social costs and benefits are critical, cost/benefit analyses will include longer-term financial and social aspects of decisions. Wherever social factors are a consideration in property investment decisions, they will be factored in transparently.

4.5.7 Establishing a management information system and asset register. A management information system and definitive asset register are vital for providing timely and accurate information to users, and for ensuring the success of the DPW's

facilities management function. The register will contain information that will assist in determining the value of individual assets and will indicate whether the space is under- or over-utilised. The integrity and compatibility of the database will be constantly tested and monitored. Where appropriate, linkage to commercially available databases will be established. In the case of unutilised land, DPW staff will proactively identify surplus land appropriate for land reform, and notify the Department of Land Affairs. This work should be complete by May 1998. A further phase will entail investigating "missing" or "unknown" state properties and properties that were acquired or sold by clandestine means. The services of the Department of National Intelligence, tracing agents and private investigators will be engaged to identify such government properties both locally and internationally.

4.5.8 Flexibility in portfolio development. Building design will increasingly incorporate the need for flexible use patterns. The DPW will encourage multi-purpose use and encourage location decisions that fit emerging government frameworks for spatial development planning. Space and cost guidelines are being redrafted to update factors such as the number of square metres per employee required for office space, the quality of space required by various departments, and maintenance standards. In establishing space and cost norms, client departments will become increasingly co-responsible and accountable with the DPW for investment decisions. To ensure that departments support DPW recommendations, it will become increasingly critical for the DPW to understand the nature, business and specific requirements of client departments.

4.5.9 Public/private partnerships. In its pursuit of sustainable public/private partnerships, government will act as partner in the acquisition and disposal of fixed property. Government's role will be crucial in cases where such arrangements can enhance not only financial returns, but the broader social returns on assets. The nature and degree of such partnerships will take various forms. For example, relationships with international investors will allow the DPW to assist South Africa's integration into the global economy and will foster greater competitiveness and creative cooperation within the property industry.

4.5.10 Innovation and best practice. In order to provide effectively for client needs, the following considerations will be applied to investment decisions: scientifically-based investment analysis; space planning; flexibility of use; life cycle costing; value engineering; cost benefit/analysis; quality, space and cost norms; highest and best use; and benchmarking to international best practice.

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4.5.11 Investigating a range of implementation models. A wide range of options exists for implementation, investment (buying, developing, and leasing) and disposal decisions. Some are oriented to increasing participation by black men and women in the property industry. Alternatives include: establishing state-owned special purpose vehicles; internal departmental implementation; public-private partnerships such as Asset Procurement and Operationalisation Partnership Systems (APOPS); joint ventures; and commercialisation. Some of these, such as APOPS, are designed to ease short-term fiscal pressure. The acceptability, legitimacy, constitutionality and viability of these options will be tested through practical experiences and broader consultation. In this process the DPW will identify enabling instruments to promote participation by black and women entrepreneurs in the property industry.

4.5.12 Planning for implementing and communicating short-term trigger projects. Investment will be directed at "catalyst" pilot projects that will trigger appropriate confidence building and multiplier effects.

4.5.13 Finally, the DPW is involved in policy initiatives that have important implications for the rest of government. These include establishing a property investment policy and guidelines for the entire government; more closely orienting the DPW to client service through increased consultation with stakeholders; and devolving accommodation and budgeting responsibilities to client departments. Each is examined in turn.

4.5.14 Establishing a property investment policy for the entire government. Notwithstanding that the administration of the state's portfolio is housed within several national departments, tiers of government and parastatals, it is recommended that a uniform policy, principles, procedures and criteria for investment apply to all state bodies and users. Notwithstanding the allocation of state land to the provinces and provincial rights of disposal as provided for in the Constitution, the Property Advisory Services Division proposes to provide a single point of reference for property investment decision-making.

4.5.15 Orienting to clients and consulting stakeholders. The DPW will ensure that it understands the nature, business and specific requirements of client departments. In line with best international practice, investment decisions will take place with full consultation with, aimed at education of the client, and users will also be given the best advice. Key stakeholders will also be consulted, educated and advised in investment

decisions, according to the provisions of the relevant legislated Acts and statutes.

4.5.16 Gradual devolution of responsibilities to the client. In line with best practice, the DPW will plan for and initiate measures aimed at increasing client financial responsibility for capital costs and management of accommodation. Mechanisms may include "hard charging" for rent and maintenance; fees for services; incentives for effective space utilisation; and/or eventual choice of service provider. In future, client departments will have increased responsibilities for accommodation as they begin to pay their own capital costs, rent and maintenance fees. This will reduce the tendency for departments to make requests for unrealistically expensive accommodation, and will increase the utilisation of space. Despite the fact that client departments will pay for their accommodation, there will still exist a need for policy guidelines on space and cost norms for prudent space utilisation.

4.6 Institutional requirements and implementation

4.6.1 The DPW understands that in the past it did not service its clients' property investment needs adequately, and now commits itself to the broad principles of efficient and effective governance. The DPW aims to establish a culture that fosters constant improvements in the provision of services. Key institutional and implementation challenges include reviewing legislation, organisational support mechanisms, and performance measurement. This will entail improving relationships within the different tiers of government, with other government departments and with other stakeholders in the property industry, and will also require enhanced DPW Human Resource Development. Each is considered next.

4.6.2 Review of legislation. Legislation, regulations and procedures that generate duplication and inefficiency are being identified for amendment. Bureaucracy will be diminished and procedures will be streamlined wherever possible.

4.6.3 Review of organisational support mechanisms. The DPW has identified other internal institutional problems, including a lack of properly trained personnel at various levels, inefficient organisational structure, a lack of proper support tools (e.g. accurate information), and an inadequate knowledge and understanding of clients' business. These have all been isolated, and various initiatives are under way to address them within the broad context of transforming the DPW.

4.6.4 Performance measurement. The Property Advisory Services Division will remain a service function, providing competitive investment analysis



services to user departments. This implies the enhancement of performance measurement within the DPW. To ensure that property investment analysis service are benchmarked with the best in the private sector (domestically and internationally), the function will eventually become a separate cost centre. Transparent cost-benefit analysis will highlight how the division contributes to meeting previously undervalued social and economic objectives.

4.6.5 Relationships with various tiers of government. The powers, responsibilities and relationships between central, provincial and local authorities are established in the Constitution. The DPW recognises the need to ensure that uniform, transparent practices are embraced at all levels. The state's property portfolio must become better coordinated across tiers of government.

4.6.6 Relationship with other departments. As service provider to government's national departments, it is crucial for the DPW to increase its intra-governmental interactions. Policies embarked upon by other national departments have a direct influence on the DPW's property investment mission, and DPW officials will be specifically

dedicated to identifying and servicing the needs of departments. Constant communication with clients will ensure that the DPW is familiar with policies, operations, and any implications these have for accommodation requirements.

4.6.7 Relationship with other stakeholders in the property industry. Since the DPW is one the largest property holders in South Africa, it will intensify its linkages with other major property players for the purpose of sharing information, developing policies for the property industry, and enhancing HRD capacity in training institutions.

4.6.8 Human Resource Development within the DPW. Finally, the development of human resource capacity and the opening of opportunities for life-long learning are central to the social and economic development of this country, and are critical in a department focused on service delivery. For the Property Advisory Services Division to make a quantum leap towards greater professionalism and higher-quality service provision, staffing and training must be decisively addressed. Continual audits of staff knowledge and skills are underway, with the objective of matching resources against evolving skills requirements through retraining and redeployment.



CHAPTER 5

Property and Facilities Management

5.1 The Department's strategic objectives

5.1.1 The management of the government's freehold and leasehold property assets is one of the Department of Public Works' core functions. In executing this function, the DPW's Property and Facilities Management Division strives:

- to understand and meet the requirements of occupants, the client Departments, and ultimately the general public as end users;
- to provide the required accommodation for all national government departments (clients) in an effective, efficient and cost-effective way;
- to ensure the optimal utilisation of all properties within the government's property portfolio;
- to maintain and enhance the value of government's property assets; and
- to contribute to the attainment of government's broad socio-economic objectives.

5.2 Problem statement

5.2.1 The DPW is confronted by both internal and external problems and challenges in managing the state's property assets. Some of these interrelated problems and challenges are outlined below.

5.2.2 Inappropriate organisational structure. The present structure is characterised by the over-centralisation of appropriate skills and decision-making. Professional staff are concentrated at Head Office resulting in an inadequate presence at the point of service delivery, in a geographically dispersed property portfolio. Business processes and activities are fragmented and grouped illogically. This often results in the duplication of efforts and a lack of accountability.

5.2.3 Lack of skilled property professionals. The majority of DPW staff tasked with managing the state's property portfolio are, at best, very good administrators. In adopting a property and facilities management approach, the DPW will need staff who also possess a combination of skills such as financial/business acumen, a culture of client service orientation and an understanding of property. Such skills are scarce and often expensive, in both the private and public sectors.

5.2.4 Incomplete/inaccurate inventory of assets. It is necessary to, at the very least, have an accurate

inventory of all state-owned property assets if the DPW is to ensure proper management. In the country's recent political past, the management of state-owned properties was entrusted to a range of administrations such as the former TBVC states, self-governing territories, and the former South African government. This resulted in a proliferation of state-owned property registers. In some instances, no registers were compiled. Where registers were compiled, they seldom contained uniform fields of information. The information contained in such registers is also often inaccurate. The challenge for the DPW is therefore to produce an accurate register or inventory of all state-owned properties.

5.2.5 Disaggregated/disjointed management information systems. The DPW currently has three databases: a property management information system, a works control system (for maintenance and project planning and budgeting), and a financial management system. These systems are, for the most part, neither integrated, compatible nor user-friendly. Management decisions are therefore disjointed and the monitoring and evaluation of performance and procedures are cumbersome. The challenges for information management are to inform planning in a targeted fashion, link service level (or lease) agreements to the point of service delivery, facilitate the timely flow of funds and create an easy feedback system from the consumer and the point of delivery to invoicing and client feedback.

5.2.6 Absence of performance measurement. Internationally recognised property industry benchmarks, such as occupancy or vacancy ratios, operating costs/revenue ratios, return on investment, etc. are not being produced or used to assess the performance of the DPW in managing the state's property portfolio.

5.2.7 Client dissatisfaction. A history of poor service delivery and poor responsiveness to clients legitimate requirements has resulted in a negative perception of the DPW's ability to deliver a satisfactory service. The absence of legally-binding service level agreements governing the relationships between service provider and clients often results in role ambiguity and has contributed to the poor perception of the DPW.

5.2.8 Lack of client accountability. Currently, the accommodation requirements of all national

departments are included in the DPW budget vote. DPW clients are therefore not accountable for the capital and operating expenditure associated with their accommodation needs. This means that there is no incentive for client departments to ensure that their accommodation is optimally utilised or the operating costs of their accommodation is minimised. It also often, especially in the case of office space, results in the excessive leasing of accommodation from the private sector whilst state-owned buildings are either vacant or under-utilised.

5.2.9 Maintenance backlog. Historical budgetary constraints and a bias in the allocation of funds towards leased buildings (at the expense of maintaining state-owned property assets) led to the curtailment of funds available for maintaining the state's property assets. The resultant maintenance backlog has been compounded by little, if any, preventative property asset maintenance planning. Many state-owned buildings, some of which are the finest examples of their type in the world, have fallen into a state of decay. Failure to regularly maintain buildings often results in major problems entailing costly capital works.

5.2.10 Inefficient management and administration of leaseholds. The management and administration of the state's leasehold property assets is characterised by gross inefficiency and, in some instances, borders on negligence. Leases are often not renewed for years beyond their expiry dates. Under these circumstances, the DPW's ability to negotiate favourable lease terms is compromised, especially if suitable alternative accommodation for the affected client department is not readily available. It also contributes to the property industry's negative perception of the DPW as an inefficient bureaucratic monolith.

5.3 Key policy interventions

5.3.1 The interventions required to address the problems outlined above include the following: transforming the DPW to operate and deliver on the basis of property and facilities management principles; the establishment of an accurate and reliable management information system; addressing the massive maintenance backlog; commercialisation of service delivery; developing public/private sector partnerships in the management of the state's property assets; encouraging general government budgetary reform, service level agreements and the principle of user charges; innovation and conformance with international property industry best practice; and contributing to the attainment of government's socio-economic objectives. Each of these interventions is considered next.

5.3.2 Transforming the DPW. As part of its overall transformation, the DPW is restructuring its Property

and Facilities Management Division to ensure clients accommodation needs are met in an effective, efficient and cost effective manner. These changes, many of which are already being implemented, include:

5.3.2.1 A clear definition of the roles and responsibilities of the DPW's head office and regional offices. Head office will be responsible for formulating and modifying a property and facilities management policy framework, monitoring and evaluating adherence to that framework, and ensuring that property industry and international best practice techniques are imbued in DPW operations. Regional offices will be empowered with appropriate levels of authority to ensure accountability and rapid decision making at the point of service delivery.

5.3.2.2 A corps of skilled property professionals (portfolio managers, property managers and building supervisors) will be established within each of the DPW's regional offices. This will be accomplished through the intensive training of existing staff, recruiting and/or seconding of property professionals from the private sector and recruiting and training formerly disadvantaged university students with the potential to become property professionals.

5.3.2.3 Within each region, the state's property assets will be categorised by type (for example, offices, police stations, military bases, prisons, vacant land, etc.) and portfolios will be structured accordingly. This will ensure that portfolio and property managers deliver a service based on an intimate knowledge and understanding of clients operational and strategic accommodation requirements.

5.3.2.4 A system that entrenches the principle of multi-year budgets for individual properties (buildings, building complexes and vacant land) will be a central tenet of the DPW's operations. This will ensure thorough maintenance planning, acceptance of accountability by individuals managing properties or groups of properties, encourage the optimal utilisation of property assets and result in the objective performance measurement of both the state's property assets and the staff responsible for managing them.

5.3.3 Information management. The DPW will utilise information as an integrated organisational resource, particularly in the case of property and facilities management. Two broad categories of information will be developed: functional information to which is required by line functionaries to complete their mandate and management


information which is required by management to make either tactical, operational or strategic decisions. All information will be compiled in a uniform format and will be computerised in a user-friendly information management system.

5.3.4 Addressing the maintenance backlog. A first order estimate of the extent of the maintenance backlog for the state's property assets has already been prepared. A comprehensive plan, including an approach to Cabinet for the required funding, is being devised to address and eliminate this backlog over a number of years. Such a plan will include splitting contracts into smaller components thereby providing opportunities for small enterprises involved in labour-intensive construction work to participate in the challenging task of addressing the state's property maintenance backlog.

5.3.5 Commercialisation. Property management and associated essential service provision (cleaning, maintenance, etc.) - except strategic security services - are commercially viable industries. Cleaning and maintenance (workshops) units within the DPW will be transformed into business units with associated profit/cost centres. Over time, as entrepreneurial skills are developed, these units will be commercialised. Affected staff will be given an opportunity to either take over these units or form joint ventures with existing firms operating in these industries. The DPW will consider entering into longer term service contracts with such individuals or firms to ensure their economic viability. Providers of inferior services will not be permitted to reapply for further work.

5.3.6 Public/private sector partnerships. The management of the state's property portfolio presents numerous opportunities for forging closer links between the public and private sectors. The South African market for the provision of property management services and also associated essential services, such as cleaning, security, maintenance and gardening/landscaping is quite developed. However, ownership and control of private sector firms operating in these industries are concentrated in the hands of previously advantaged individuals. The participation of previously disadvantaged South Africans has, for the most part, been restricted to the sale of their labour at the lower echelons of these service industries. By outsourcing cleaning, security, gardening, maintenance and administration services, the DPW will be able to procure services from competitive firms while at the same time making strategic interventions in these industries. When outsourcing, contracts will include clauses requiring the affected private sector firms to employ DPW staff, undertake training and affirmative action programmes and/or encourage joint ventures and

equity partnerships between previously disadvantaged and advantaged individuals or firms. The DPW will, however, couple the outsourcing of the procurement of these services with a process of consultation with all stakeholders.

5.3.7 Budgetary reform, service level agreements and the principle of user charges. The DPW will actively encourage budgetary reform to ensure that, in future, the annual capital and expenditure budgets of all national departments include provisions for their individual accommodation requirements. When this happens, client departments will be required to pay a fee, comprised of a capital charge, a notional rent and management fee, for the accommodation and related services which the DPW will provide. This will entail the DPW developing mechanisms for service level agreements with clients, thus "contractorising" its most important set of external relationships. Management and the delivery of specific services such as property maintenance will be governed by both these service level agreements as well as the need to act as or on behalf of the landlord in terms of a "Total Asset Management Strategy" and the maintenance of property values. 

5.3.8 Innovation and international best practice. The DPW will forge close links with stakeholders in the property industry, both locally and internationally, to ensure that its property and facilities management policies, strategies, processes and techniques are imbued with innovation and industry best practice.

5.3.9 Meeting government's socio-economic objectives. Central to all the above interventions is a clear commitment from the DPW to make a positive contribution to the attainment of government's socio-economic objectives. Examples of these positive contributions are as follows:

5.3.9.1 Through the transformation of its core functions and processes, the DPW will become a leaner, cost effective, efficient and client focused service provider thereby conforming with government's policies on fiscal discipline and good governance. Throughout this process, affirmative action policies, directed to benefit all previously disadvantaged groups, will be pursued to ensure representivity within the DPW. The opportunities created in conjunction with its training programmes will ensure that the DPW assists in the development of the country's human resources.

5.3.9.2 The DPW will assist in creating and sustaining SMMEs, cooperatives and NGOs, as well as the empowerment of previously

marginalised individuals and firms, in its programme to address the property maintenance backlog and also through the commercialisation of cleaning, security, gardening, maintenance and property administration functions.

5.3.9.3 Through outsourcing some of its property management function, the DPW will have an opportunity to promote the economic empowerment of and skills transfer to marginalised individuals and firms. In this process, numerous opportunities will arise for the DPW to facilitate access for previously disadvantaged individuals to the relatively closed property industry.

5.3.9.4 The outsourcing and commercialisation of some of its functions, the DPW will encourage public/private sector partnerships in the management of state-owned property and the provision of essential property-related services. The private sector and representatives of civil society will be invited to become involved in the planning and design stages of this process, in addition to future financing, construction and operations.

5.3.9.5 The general government budgetary reform, resulting in client department responsibility for accommodation budgets, which the DPW is promoting will encourage the optimal utilisation of state-owned properties, increase client department accountability, fiscal discipline (for both capital and operating costs associated with accommodation) and good governance.

5.4 Institutional requirements and implementation

5.4.1 South Africa has chosen a long term process of transformation, requiring government to intervene at strategic points. A key long term priority is to raise the productivity of workers, particularly through shifting to "demand elastic" sectors that go beyond what ordinary market signals suggest. Ordinarily, this is accomplished through switching expenditure and stimulating supply and demand in leading sectors such as infrastructure, housing, manufacturing, export commodities, etc. The services sector, which includes the property and facilities management and associated services sector, provides an equally important opportunity for such strategic interventions.

5.4.2 If the DPW is to meet, and even surpass, its strategic objectives in the area of property and facilities management, a number of structural initiatives must be undertaken. These include motivating a new mandate; compiling a comprehensive inventory of the state's property assets; creating a property assets and facilities register; developing a strategic management information policy; restructuring the DPW to

provide a decentralised property and facilities management service; investment in HRD; reviewing all legislation and regulations which impede the attainment of the DPW's strategic objectives; and adopting a concrete implementation plan. Each is considered in turn.

5.4.3 **A mandate to transform DPW's business.** The DPW is seeking a government mandate to work towards a market-supported property and facilities management structure. Such a mandate will have to be based on a plan that ultimately assures a significantly leaner organisation, by advancing through phases simultaneous with the achievement of government's socio-economic objectives (such as investment in people, the development of small enterprises and job creation).

5.4.4 **An inventory of the state's property assets.** In May 1996, after following the stipulated tender procedure, the DPW appointed a project manager to compile a register of the state's freehold and leasehold property assets. The product of this estimated two-year process will allow the DPW to execute its property and facilities management functions in a systematic manner.

5.4.5 **An asset and facilities register.** The DPW recognises that an inventory of the property assets, whilst necessary, will not be sufficient on its own to ensure the optimal management of the state's property portfolio. Both an asset register, which includes financial or market values, and a facilities register, which records the number and physical condition of facilities (such as air-conditioning plant and equipment, hot water geysers, etc.), are crucial for the effective management of the state's property portfolio. However, asset and facilities registers, unlike an inventory, contain information which requires regular updating by property and facilities managers. The DPW will therefore combine the process of compiling an asset and facilities register with the restructuring of regional offices. In this way, properly trained personnel, responsible for managing groups of buildings or building complexes, will also assume responsibility for ensuring the regular updating of the required asset and facilities information.

5.4.6 **Information management.** In utilising information as an integrated organisational resource, particularly in the case of property and facilities management, the DPW is developing a Strategic Management Information Policy including components such as:

5.4.6.1 an integrated state inventory (Assets) Information System which includes a spatial and alphanumeric database of state assets, data fields identified by user requirements and critical



performance measurement fields which can assist in monitoring and evaluation;

5.4.6.2 a master system plan for both the DPW and its provincial counterparts which will ensure compatibility, assist in documenting implementation, serve as a strategic plan for the period of time, regular updating, etc;

5.4.6.3 a business information system which, in a data warehousing concept, combines all existing functional databases within the DPW to address the current lack of business/management information; and

5.4.6.4 a policy which addresses the issue of data management, database administration, data integrity and verification.

5.4.7 Decentralisation of property and facilities management. The restructuring of the DPW's regional offices to operate on a client focused property and facilities management basis has already commenced. Some of the initiatives underway are:

5.4.7.1 division of regional portfolios by type (for example, police-stations, military bases, prisons, etc.), as property portfolio managers assume responsibility for uniform portfolios;

5.4.7.2 identification, development and recruitment of property managers, reporting to portfolio managers, who will be responsible for the management of groups of buildings or building complexes;

5.4.7.3 identification, re-deployment of existing staff and recruitment of building supervisors who will be responsible for the day-to-day maintenance of buildings or building complexes;

5.4.7.4 the development of budgets for individual buildings or building complex; and

5.4.7.5 development of the units responsible for property and facilities management support services (such as cleaning, security, maintenance workshops, landscaping and gardening) into business units.

5.4.8 Capacity-building and Human Resource Development. The delivery of property and facilities management support services is both labour-intensive and people-oriented. The DPW will take advantage of this to contribute to the attainment of government's socio-economic objectives by creating an enabling environment for skills provision and entrepreneurial development.

5.4.9 Review of legislation and regulations. Many elements of the existing legislative and regulatory framework are impeding the DPW's ability to meet its strategic objectives. For example, the Public Service Commission regulations, especially those applicable to the recruitment, remuneration and conditions of service, which adversely impact on the ability of the DPW to recruit appropriately skilled property professionals. Also, the current tender procedure, with its emphasis on price, often precludes the DPW from incorporating socio-economic objectives (such as economic empowerment, affirmative action and small enterprise development) in the procurement of both services and accommodation. The DPW will identify pilot projects which will inform current policy whilst illustrating the need for legislative and regulatory reform.

5.4.10 An implementation plan. The DPW recommends that, with effect from the 1998/9 financial year, client departments should take control of their own accommodation budgets with the proviso that, for a further three years, they should be obliged to purchase property and facilities management services from the DPW. The interim period will be used to reposition the DPW to meet this challenge and to enter into appropriate contractual arrangements with client departments. The additional three years will allow for the DPW to consolidate its capability, for users of state-owned accommodation to become independent clients, and for the private sector to gear up to challenge the DPW as a competitive provider of accommodation and related services. From the 2002/3 financial year, client departments should be able to source property and facilities management services from the most appropriate (public or private sector) service provider.



CHAPTER 6

Project Management

6.1 The Department's strategic objectives

6.1.1 Project management is one of the core processes of the Department of Public Works. The DPW's project management function aims:

6.1.1.1 to be the preferred building procurement and operating agent of the public sector client community;

6.1.1.2 to be a cost effective, efficient consultancy to state departments, specialising in the delivery of institutional and heritage buildings, and associated infrastructure;

6.1.1.3 to be a leading force in South African project management;

6.1.1.4 to develop an integrated approach to project delivery, drawing on specialist skills, whilst ensuring single point responsibility for projects;

6.1.1.5 to be locally responsive and to manage projects from a decentralised base;

6.1.1.6 to provide appropriate opportunity for the participation of the private sector in the delivery of public assets; and

6.1.1.7 to ensure that the management of public works projects meets other socio-economic objectives of government policy.

6.2 Problem statement

6.2.1 The DPW faces challenges and constraints in the management of public works projects. Some are existing problems that emanate from inappropriate structures and cultures within the DPW, while some are broader difficulties in the operating environment. Many of the challenges come to the attention of the DPW in the form of criticisms by the client community and departmental contractors. The DPW recognises the importance of coming to grips with the challenges and overcoming constraints.

6.2.2 Among the specific problems that have been identified in project management are the following:

6.2.2.1 lack of accountability and responsibility throughout the project cycle, deriving in part from inadequate role definition and hence

ambiguity and mismatches between responsibility and authority;

6.2.2.2 slow process of project execution;

6.2.2.3 remote links between staff and projects;

6.2.2.4 inability to innovate in key project areas (for example, design specification and procurement options);

6.2.2.5 inefficient lines of communication with intensely centralised decision-making structures and a high incidence of decision referral, leading to imbalances in work loadings and deferral of responsibility;

6.2.2.6 inadequate quality assurance management and insufficient post-occupancy project appraisal;

6.2.2.7 lack of client financial control and ongoing fiscal responsibility for the assets acquired or built;

6.2.2.8 lack of organisational learning, partially derived from lack of single point responsibility but also from an inability to see the total product.

6.2.2.9 an inappropriate departmental structure and management approach, which empowers administrative staff to determine project briefs, thus denying professional development and client satisfaction;

6.2.2.10 inappropriate location of staff relative to each other and to projects, resulting in a poor climate for learning, inadequate identification with projects, and a lack of integration of professional functions;

6.2.2.11 a greater focus on inputs than outputs;

6.2.2.12 insufficient use of management systems information technology (with an estimated investment deficit on the order of R60-70 million);

6.2.2.13 inadequate integration of head office and regional office interests;

6.2.2.14 inability to attract and retain staff due to non-competitive reward system and poor performance/reward linkages;

6.2.2.15 lack of common understanding by clients of problems which impede the delivery process;

6.2.2.16 a large number of different projects (approximately 700 in any one year) of differing scale and complexity, geographically dispersed;

6.2.2.17 lack of a common developmental vision; and

6.2.2.18 resistance to change in some quarters.

6.2.3 In advocating "best practice" in the construction industry, particularly with respect to procurement and industry enablement programmes, the DPW has been hampered by the lack of a common code for best practice in the construction industry and by an industry culture which serves to compartmentalise the professions and which acts to preserve conventional professional practice and role definition.

6.2.4 For most client departments and contractors, problems experienced with DPW projects relate to time and cost slippages, and to the adequacy of dispute resolution when such slippage occurs. Time delays in project cycles can be attributed in substantial part to an intensely risk-averse environment, in part the product of a lengthy and inefficient evaluation process. (The current project delivery model has 23 checks within the operation of the process before a project can commence.) The need for checks appears to be partly due to the inappropriate use of administrative staff to make expert decisions. Additional problems have been identified in client indecision or referrals (which were responsible for 80 per cent of slippage on planning dates in a recent sample of 120 projects).

6.2.5 Cost overruns on project budgets are a product of both time delays and the very long lead time associated with the traditional delivery model. Cost overruns are also only reported retrospectively (typically at the time of the project final account), making it impossible to take corrective action at the appropriate time.

6.2.6 Dispute resolution has been inadequate, particularly in cases in which standard contract documentation is not supplied and when adversarial relationships develop with clients and contractors. There is nearly no documentation regulating the relationship between clients and the DPW.

6.2.7 The practice of project management is also affected by the broader environment. The DPW recognises that it cannot operate in isolation from

economic and construction industry trends, and that it has an opportunity and responsibility to attempt to influence and stabilise that environment to facilitate its own projects.

6.3 Key policy interventions

6.3.1 The DPW will promote the ethos of doing the right job, in the right way, at the right time at the right price. These are intrinsic to the DPW's new management approach, but in addition, DPW policies follow from the conviction that project management can contribute to realising many of government's broader socio-economic objectives, including:

6.3.1.1 job creation through project activity, specifically targeting elements of the public works programme and aspects of rural development;

6.3.1.2 active promotion of SMMEs, cooperatives and NGOs and involvement of marginalised people who have been compelled to operate in the informal sector;

6.3.1.3 efficient and effective governance and administration, emphasizing flexible, responsive and accountable work practice, with performance-orientated management;

6.3.1.4 clarity in the provision of construction briefs, to avoid inefficiency, wasted energy and costs in both professional services and in construction processes;

6.3.1.5 commitment to training, skills development and the development of career paths;

6.3.1.6 decentralisation of departmental project management activity and client service, accompanied by the development of personnel and the encouragement of growth in institutional capacity;

6.3.1.7 the encouragement of public/private sector partnerships in the funding, construction and operation of state assets, as well as partnerships and capacity-building with NGOs and community organisations;

6.3.1.8 the encouragement of participatory management practice in relation to the internal operations of the DPW as well as the involvement of client interests in the management of projects;

6.3.1.9 to lead in the field of environmental management and sustainable energy utilisation in relation to the creation and management of state assets;

6.3.1.10 integration of the project into its environment, specifically highlighting local stakeholder interests; and

6.3.1.11 achieving single point responsibility through including project management principles at all phases of the project cycle and providing adequate delegated authority.

6.3.2 Influencing the construction industry. The public sector can exercise influence through its role as a major client for the products of the construction industry. The DPW will further develop areas of existing strength in the delivery of specialist built facilities, and will identify areas in which it can develop considerable future operating and procedural expertise for the benefit of clients and society as a whole.

6.3.3 Improved intra-governmental relations. The DPW will address many of the challenges of project management by improving working relationships with client departments, to ensure greater sensitivity to client needs. Projects will be undertaken with a clear understanding of the information which is required from the client department. Client departments should receive a professional service and a continued involvement in project activity through participation in the design of facilities and the on-going evaluation of those facilities during construction. The DPW will formalise clearly the client/department contractual relationship by means of appropriate contractual agreements, which will reinforce the efficiency of overall project delivery.

6.3.4 In addition, the DPW is embarking on key policy initiatives to enhance flexibility through diverse delivery models; initiate public/private partnerships; establish socio-economic guidelines; conform to international benchmarks; initiate practice guidelines; transform aspects of DPW's organisational form; ensure the project management units operate as accountable cost centres; facilitate client education about the project cycle; influence regulatory reform in order to promote alternative dispute resolution mechanisms; and promote a more thorough role for project managers. Each is considered in more detail next.

6.3.5 Diverse delivery models. The DPW is emphasizing flexibility in its use of different delivery models and the management of risk relative to those models, in order to enhance project managers' creativity and efficiency. This entails establishing criteria for project managers to correctly select and use the best delivery model for the project in hand. The range of models being considered is comprehensive, ranging from the current traditional approach through to construction management to

the introduction of public/private partnerships. The approaches emphasise the need for rapid delivery, the refining of techniques of value engineering, and the incorporation of mechanisms for risk assessment and risk management, both at point of project inception and during the delivery cycle.

6.3.6 Public/private and NGO partnerships. Such cooperation can include the mutual exchange of staff, training and collaboration on project delivery. The National Development Agency will clarify the nature of partnerships between NGOs/CBOs and the public sector, including criteria and procedures that ensure partnerships provide useful services to both the state and the wider society. An example of DPW partnerships is the Atlantis Magistrates Court, built with labour-intensive processes, using several SMMEs, with community participation (including a crèche for workers that enhanced the involvement of local women).

6.3.7 Socio-economic guidelines. In a forthcoming Project Management Manual, the DPW is developing clear, implementable socio-economic guidelines for project managers, with associated continuous monitoring, highlighting areas of development, environment and energy. Suitable benchmarks are being established consistent with broader public policy goals and objectives, with quantification pursued in as transparent a manner as is feasible.

6.3.8 International benchmarks. International comparisons are being investigated to assist in evaluating project management performance in South Africa. Internationally acceptable standards of performance in project delivery can then be achieved and maintained. However, international practices should be reviewed with respect to their relevance in the South African context.

6.3.9 Practice guidelines. The DPW is establishing clear practice guidelines for project managers; these will define appropriate technical norms, management systems, intelligible financial systems, and information retrieval and transfer systems. Better definition of roles and relationships in the project delivery cycle are essential.

6.3.10 Organisational transformation. The DPW is examining organisational structures and processes that better enable learning and that enhance the sharing of experience and transfer of knowledge (both within the organisation as well as with outside interests such as project managers in the private sector and the regional and international community).

6.3.11 Project management as a cost centre. The DPW aims to reconfigure as individual cost centres, in order to facilitate cost effective performance.

6.3.12 Client education. DPW will facilitate mechanisms in order for departmental clients to understand the project cycle, the inputs required from clients, and other client responsibilities.

6.3.13 Alternative dispute resolution. The DPW will influence regulatory reform in order to facilitate alternative dispute resolution mechanisms which are less adversarial and more cost effective.

6.3.14 Project management. The DPW will promote the principle that a project manager must be involved from the initial concept through to completion.

6.4 Institutional requirements and implementation

6.4.1 Institutional considerations in project management relate to international norms as well as those established in South African industry. Internationally, the practice of project management appears to have emerged as part of a return to an appreciation of the total product in various project environments. Indeed the trend towards a project-managed product, rather than a design-managed product (whether architectural or engineering), is well established. This accommodates the need for the use of specialist design, structural, financial, construction and socio-economic skills, but also enables the development of a total project vision without the dominance of any one of those skills. It also facilitates single point responsibility from the client's perspective.

6.4.2 Education and training institutions. In South Africa, the discipline of project management is not particularly well developed, and institutional development in support of the discipline remains weak. The existence of project management studies within tertiary educational institutions is limited. There is no uniform conception of quality control in project management. Although a professional project management institute was recently founded, it currently is without a mandate to accredit qualifications or perform the types of quality control functions which are the usual domain of professional associations. A community-based approach to participatory management skills, community development and appropriate technology should be included, along with incentives to allow newly qualified project managers an opportunity to practice in underserved areas.

6.4.3 Project management skills. Project management is, however, a distinctive discipline which cannot be simply "added on" to the activities of one or other existing professional occupation. Although project management is currently practiced by a small number of professional consultants (mostly engineers or quantity surveyors) within the

construction industry, it is not the natural domain of any particular discipline within the construction sector, as it requires skills which range from the technical to human relations and process skills. The total management process is more than the management of constituent parts of the whole, for it involves an understanding of the whole and an ability to adjudicate between the conflicting interests which comprise the separate contributions of diverse professions. It is also acknowledged that project managers need not only be drawn from the professions serving the built environment, but that an intimate knowledge of the built environment is crucial.

6.4.4 Professional disciplinary development. The DPW recognises limitations on the availability of real project management expertise and seeks to enhance institutional development in several general ways:

6.4.4.1 the DPW recognises project management as a distinctive discipline, requiring the acquisition and practice of specific skills in the built environment and that different grades of project manager will be required;

6.4.4.2 the DPW recognises the need for institutional development and regulation of project management (taking cognisance of the different grades required of project managers), specifically with regard to quality of project managers, but within a framework of the overall rationalisation of the representative structures of the built environment professions;

6.4.4.3 the DPW confirms the value of research and training facilities for project managers, especially in relation to the specific needs of the public sector (for example, attention to socio-economic objectives and to an appreciation of an operating environment which is defined and constrained by political and administrative processes); and

6.4.4.4 Selection of appropriate project managers must be carried out in terms of criteria which take cognisance of the level of the professional required in relation to the project requirements (size, complexity, location and number of projects).

6.4.5 Organisational structure. The DPW is currently structured in accordance with functional principles, defined by the disciplines of architecture, engineering and quantity surveying. This arrangement fails to provide single point responsibility and fails also in the enabling of staff to develop the desired total project vision. Total restructuring of the DPW is therefore required.

6.4.6 The implications of the DPW's adoption of such approaches to project management are significant. Organisational details require further planning. But in two complimentary areas - human resource development and supportive management information systems - a basic framework for future action should be implemented.

6.4.7 Human Resource Development. The recognition of project management as a distinctive discipline requires that the training in the field is upgraded. It is improbable that every architect, engineer or quantity surveyor can simply become a project manager. In essence, the possession of professional built environment qualifications does not automatically ensure successful role transition into the position of project manager. Project management can also legitimately be practiced by non-built environment professionals. In either case, considerable, comprehensive retraining of personnel is therefore required. Such retraining/capacity development should focus on:

6.4.7.1 the development of a "total project" vision;

6.4.7.2 the assistance of the DPW in establishing project management as a recognised professional discipline within the construction industry at large;

6.4.7.3 the involvement of the private sector in both immediate training and on-going training of personnel, as well as through a process of mentoring and staff exchanges;

6.4.7.4 the development of human relations skills within the project environment;

6.4.7.5 an understanding of client operations, problems, priorities and programmes;

6.4.7.6 re-orientation and appreciation of procurement options and funding opportunities;

6.4.7.7 review of performance and design standards including the introduction of revised project appraisal systems with respect to physical norms and socio-economic priorities;

6.4.7.8 computer literacy training; and

6.4.7.9 fostering research and educational relationships with tertiary institutions.

6.4.8 The growth in formal training and research capacity, on a national basis, is likely to take time. Interim strategies will therefore focus on the

mobilisation of existing capacity within the DPW, targeted at the development of a cohort of staff that can give initial momentum to the transition to project management. This training could be arranged around specific projects, thus using the vehicle of real projects as the device for expertise development. Support from elements of the private sector who already have relatively mature property development components could be sought as part of this in-service training programme.

6.4.9 Limited project management capacity exists in the private sector. This means that the option to recruit new personnel might yield only relatively few prospective project managers. The DPW will, however, explore the possibility of suitable recruitment to fill senior project management positions. In addition, training will become an increasingly important area of project management development.

6.4.10 Management Information Systems. The use of management information systems enables managers to be more effective and efficient through enhancing the use of their time. This applies to project management, where the DPW anticipates major advances through the following benefits of Management Information Systems:

6.4.10.1 historic data base development and current and future data base maintenance, with more efficient data retrieval systems;

6.4.10.2 development of project planning, monitoring and reporting systems;

6.4.10.3 rapid information transfer systems;

6.4.10.4 user-friendly information technology which requires minimal expert support, providing intelligible, useful and timeous outputs at the point of need;

6.4.10.5 mechanisms for management of departmental staff time and assignment to project cost;

6.4.10.6 development of national and international information exchange relative to the function of project management;

6.4.10.7 support for a national initiative on information dissemination; and

6.4.10.8 assurances of the compatibility of systems in use or to be brought into use.



CHAPTER 7

The Way Forward

7.1 The White Paper

7.1.1 The preceding pages have attempted to set out a strategic policy framework which provides the context for future, more detailed Department of Public Works policies. The White Paper has documented both the challenges facing the DPW and ideas about restructuring. In the process we have highlighted four key areas of activity: public works programmes, property investment, property and facilities management and property management. The DPW is restructuring itself in order to contribute more effectively to government's socio-economic objectives, and initiatives such as the National and Community-Based Public Works Programmes are particularly important examples of the DPW's commitment to creating employment, increasing appropriate public investment, and enhancing economic growth.

7.1.2 Throughout the four key areas of activity, the DPW has embarked upon extensive internal transformation. To reiterate, in the area of public works programmes, Chapter Three demonstrated the DPW's renewed commitment to job creation, poverty alleviation and community asset construction, through extension of the CBPWP for fifteen years and increased funding allocations. Additionally, the NPWP will continue to intervene in various ways to shape the construction industry more generally, in order to create jobs and meet socio-economic objectives.

7.1.3 Regarding property investment, Chapter Four suggests that the DPW amends all legislation, regulations and procedures that generate duplication and inefficiency; cuts its bureaucracy; and streamlines procedures wherever possible. The DPW will provide more training to its personnel, retool its organisational structure, enhance information management, and improve its knowledge of clients' business. Performance measurement will be introduced, property investment will become a separate cost centre, and transparent cost-benefit analysis will be utilised to document the DPW's contribution to meeting social and economic objectives. Intra-governmental interactions will increase, and DPW officials will identify the property investment needs of departments that have thus far gone unmet. The DPW will also share information with the full range of stakeholders in the property market, develop policies for the property industry,

and promote training institutions. Finally, the DPW will make a much greater commitment to HRD in this area.

7.1.4 In the area of property and facilities management, several initiatives described in Chapter Five are either underway or are considered high priorities for the short term. Among these are acquiring a new government mandate, commercialisation and decentralisation of property and facilities management services, investment in Human Resource Development, and information management. These will be attained, respectively, through approving an organisational plan that stresses efficiency; instituting a self-funding "contractorising" service for clients (once parliamentary approval is granted); dividing responsibility and authority between the Head Office and the Regions; increasing investment in capacity-building and Human Resource Development; and establishing a spatial and alphanumeric database of state assets, a Master System Plan for strategic purposes, a Business Information system, and a data management policy. In carrying out these functions, clients will assume responsibility for their own accommodation budget beginning in 1998-99 (with an additional three year DPW contract to assure a transition to competition with the private sector).

7.1.5 Regarding project management, several key recommendations discussed in Chapter Six are being implemented consistent with an appreciation of the total product in various project environments. To begin, it is recognised that a total restructuring of the DPW is in order. One basis for restructuring is a recognition that comprehensive retraining for project management is critical, particularly training based on specific projects, and with the cooperation of the private sector. Another basis is the use of management information systems, focusing on data base development and maintenance; project planning, monitoring and reporting systems; information transfer systems; and user-friendly information technology.

7.2 Deepening the transformation

7.2.1 This White Paper allows the DPW to codify its transformation as official government policy. From the broad framework outlined in this White Paper, several more specific White Papers will be developed to amplify crucial areas. This will permit

strategies to be enhanced and a variety of lower tier objectives to be prioritised. This White Paper will continue to provide an overarching policy framework for guiding the Department of Public Works into the 21st Century.

7.2.2 Yet the commitment of the DPW to change - particularly in taking into account our role in

transforming society as a whole - can never be captured solely through a document. More importantly, perhaps, is that all those who have contributed to this White Paper, and all other public works practitioners and stakeholders, continue their involvement by testing the document's practical implications on the ground, in the process of serving the broader society.



SUBMISSIONS

White Paper Consultation Process January - April 1997

The Ministry and Department of Public Works wish to acknowledge all the contributions that individuals and organisations have made to enhance the quality of this White Paper. These contributions were from all levels of Government: national, provincial, local, labour, business, civil society, foreign governments, multilateral agencies and parliamentary structures. All these contributions are extremely valuable to us. A special word of appreciation is extended to the members of the drafting team in particular, Meshack Khosa of The Centre for African Research and Transformation, Patrick Bond of the National Institute for Economic Policy, Kenneth Creamer, Lulu GwaGwa, Sivi Gounden, Nazeem Martin, Bongani Moré and Alroy Afrika. We also wish to acknowledge the important contribution of the Portfolio and Select Committees of the National Assembly and the National Council of Provinces (NCOP). Any omission in acknowledgement of the contribution of any individual or organisation is entirely inadvertent.

1. Written Submissions

- 1 The South African Institute of Architects
- 2 Barberton Town Council
- 3 Nelspruit Town Council
- 4 Department of Agricultural Research, Republic of Botswana
- 5 Ermelo Transitional Local Council
- 6 South African Library
- 7 Director General, Department of Minerals and Energy
- 8 Staff member of the Department of Public Works
- 9 Ambassador of Colombia, Alvaro Fernando Quitero Marin
- 10 Greater Nylstroom Transitional Council
- 11 Building Industries Federation South Africa
- 12 Mpumalanga Department of Public Works
- 13 Michelle Winter (private citizen)
- 14 South African Military Intelligence College
- 15 Black African Builder's Unity
- 16 South African Commercial Property in South Africa
- 17 South African Association of Consulting Engineers, Executive Director
- 18 National Progressive Primary Health Network
- 19 Department of Constitutional and Provincial Affairs
- 20 National Labour and Economic Development Institute
- 21 Disabled People South Africa
- 22 Mzantsi Property Services
- 23 Vaal Triangle Technikon, Vice-Rector Administration
- 24 Surplus People Project
- 25 Middelburg Transitional Local Council
- 26 Transitional Local Council of Standerton
- 27 COSATU Parliamentary Office
- 28 African National Congress Youth League
- 29 Labour Constituency Convenor in Nedlac Development Chamber

2. Consultations with DPW staff

70 questionnaires were completed and returned

3. Consultations with the South African Property Owners



SUBMISSIONS

White Paper Consultation Process
January - April 1997

4. Consultation with representatives of civil society

- Lynelle John, *Planact*
 Hassen Mohamed, *Planact*
 Monique Vajifdar, *Data Research Africa*
 Gita Sahgal, *Date Research Africa*
 Patrick Nkosi, *Disabled People of South Africa*
 Abraham Hlongwane, *Disabled People of South Africa*
 Brendan Pearce, *National Land Committee*
 Sledge Sekele, *National Land Committee*
 Donovan Williams, *South African National Civic Organisation*
 David Makhura, *RDP Council*
 Mark Povey, *Development Research Institute*
 Themba Nobatana, *ANC Youth league*
 Selby Shezi, *National Institute for Economic Policy*
 Tshepo Rantho, *National Community Media Forum*
 Peter Nenochsberg, *SA National Epilepsy League*
 Lance Veotte, *SA Municipal Workers Union*
 Sandra van Niekerk, *International Labour Resource and Information Group*
 Fadila Lagadien, *Disabled People of South Africa*
 Shelly Barry, *Disabled People of South Africa*
 Mzolisi ka Toni, *Disabled People of South Africa*
 Stephen Hulbert, *Surplus Peoples Project*
 Michelle Adato, *South African Labour and Development Research Unit*
 Cee-Jay Williams, *Western Cape NGO Coalition*
 Thozzi Mciki, *Disabled People of South Africa*
 Theresa Lorenzo, *University of Cape Town Occupational Therapy Department*
- Peter Long, *National Progressive Primary Health Care Network*
 Charles Setsubi, *Community Internship Programme UND*
 Pat Horn, *SEWU*
 Dennis Swartz, *BESG, UND*
 Maurice Makhatini, *KHUPHUKA*
 Siphso Mdlotshe, *Disabled People of SA*
 Cynthia Gwabe, *Ingqobane Water Project*
 Lucky Msebeni, *CEP, IDT*
 Busie Ximba, *Inkulisa Organisation*
 Khumbala Ndaba, *COSATU*
 Randall Howard, *Transport & General Workers Union*
 Mathews Olifant, *Construction & Allied Workers Union*
 Wiseman Hamilton, *SA Municipal Workers Union*
 Rob Rees, *Naledi*
 Roseline Nyman, *Naledi*
 Kenneth Creamer, *COSATU*
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 Charles Crothers, *Dept. Sociology UND*
 V Moodley, *Dept. Social Work UND*
 G Willis-Smith, *Traditional & Environmental Affairs, KZN*
 Tina Gordon-Watson, *SASA, Siyakha*