



## **KWAZULU-NATAL DEPARTMENT OF WORKS**

### **STRATEGIC DIRECTION FOR CREATING AN ORGANISATION OF EXCELLENCE**

#### **MID-TERM REPORT FOR 2005 / 2006**

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#### **THE CHALLENGE OF SERVICE DELIVERY**

The KwaZulu-Natal Department of Works provides comprehensive building infrastructure services to the departments of the provincial administration. Its mandate is not binding on other departments and it must rely on the decisions of the client departments to fulfil their building needs by employing the Department of Works.

Over a number of years the department has increasingly had difficulty in meeting the infrastructure needs of its client departments in a manner fully acceptable to the client departments. This problem became more serious in recent years with the department unable to meet timing expectations, resulting in infrastructure backlogs and significant unexpended resources.

This decline in performance coincided with a period characterised by lack of strategic leadership in the department and performance issues in virtually every aspect of the management and operations of the department.

#### **MANDATE FOR CHANGE**

Upon his appointment as MEC for Works, M B Gwala, made a commitment to the Premier to transform the Department from its underperforming state to an organisation of excellence. To action this commitment, the MEC commissioned the development of a Change Agenda which identifies the change expectations that form the core of a major turnaround initiative for the department.

The Change Agenda includes:

- Transformation of the department into a high-performing organisation;
- Redesign of the department's service delivery model to effectively, efficiently and timeously meet client expectations;
- Development of new partnerships and service delivery agreements with client departments;
- Fast tracked development and implementation of a new flagship programme for elimination of the classroom backlog;
- Development and implementation of a provincial Fixed Asset Management System;
- Full engagement of the Expanded Public Works Programme.

The Change Agenda and the framework for a departmental turn around strategy have been presented to and endorsed by the Premier and Executive Council and the Works and Finance Portfolio Committees. While this undertaking is seen as ambitious and difficult, support and encouragement has been unanimous from all quarters.

A final and firm commitment to the Change Agenda was the thrust of the Works Budget Speech for 2005/2006. MEC Gwala has committed the department to completing the Change Agenda by May 2006.

The mandate for change has been clearly established and widely endorsed.

## **PRINCIPLES FOR DEVELOPING NEW STRATEGIC DIRECTION**

Works is involved in the development of infrastructure - the provision of real products to many clients throughout the province. This service must be timeous, cost efficient, of high quality and must incorporate the broader policy objectives of the national and provincial governments. Meeting these objectives with excellence is fraught with complexity; many critical variables are at play. This necessitates an approach which has well defined roles and responsibilities and real clarity concerning the business approach.

The interdependency which characterises a well functioning service provider must be established within Works. It is therefore important to establish basic principles to provide the lens through which to examine the issues and challenges facing the department:

- The concept of “excellence in service” must overarch the entire business model of the department;
- Government’s agenda must form the framework for the department;
- Works must become champions of government policy, especially related to transformation, social and economic development and human rights;
- The culture of the department must be conspicuously characterised by the values of team work, integrity, transparency and professionalism;
- Partnership should be the cornerstone of all client relationships, reflecting the interdependency needed for overall success;
- For effectiveness to be maximised, responsibility, authority and accountability must be completely aligned;
- Internal structures and processes must be based on a team concept – one objective, many players, mutual support;
- Planning is the foundation for any successful infrastructure program and the earlier and the more strategic the better;
- Effective service delivery requires high levels of delegation, with every effort made to fully empower decision makers at all levels;
- Every effort must be made to simplify decision-making processes, incorporating the principle of “value added” and minimising committee structures assuming the legitimate roles of knowledgeable, accountable decision makers.

## **A STRATEGIC APPROACH TO IMPLEMENTATION OF THE CHANGE AGENDA**

The foundation for transformational change is the comprehensive analysis and final resolution of the strategic issues and challenges facing the organisation. The guiding principles provide the context for creating this new strategic direction.

Strategic direction is the cornerstone of strategic planning and provides the framework for the redesign of the business and support structures and processes which together represent the core business of the department. Within the organisational context, strategy must drive structure which must in turn provide the context for resourcing decisions.

Once the strategic issues and challenges have been addressed, a number of more specific change processes can then be initiated, beginning with the completion of a new strategic plan to incorporate all of the change elements into a well structured framework for implementation.

The department's service delivery model must be carefully redesigned to fully incorporate the strategic resolutions. In addition, the key support functions such as human resource management and financial management must also be reviewed and refocused to reflect the new direction.

All of these change processes need to be closely managed and incorporated into a well documented and well monitored go forward plan which sets out specific tasks, clearly defined responsibilities and deadlines.

## **MID-TERM REVIEW OF ANNUAL PERFORMANCE PLAN**

The mid-term review provides an opportunity for the department to take stock of progress to date and to provide the needed changes in priority, direction and resources needed to ensure that the all of the performance expectations are fully met in a timeous manner.

A two day workshop of the department's management staff was convened in September 2005 to review, in detail, progress on all of the objectives and key performance indicators set out in the Annual Performance Plan.

Prior to the workshop, each of the branches and regions undertook a review of their specific responsibilities and prepared a detailed progress report including action plans which identify any additional actions which will be taken to ensure timeous achievement of the key performance indicators. These reports provided the foundation for the departmental review and the preparation of the mid-term report.

## **MID-TERM REPORT**

This mid-term report summarises the progress in implementation of the Annual Performance Plan to the mid point in the 2005/06 financial year. The report is organised around the objectives and key performance indicators. For the key performance indicators, the report presents the progress to date, the key challenges remaining to be addressed and any new actions to be taken to ensure achievement of all of the expectations.

## **1. Strategic Management**

Transformation of the department into a high performance organisation requires substantial change in the management structures and systems. A new framework for management is required which, taken together with the vigorous application of the performance management system, will address the need to provide the strategic leadership required of an organisation of excellence.

### **1.1. Governance Structures**

Executive Committee (EXCO) has now been re-established and energised and is meeting monthly, without fail, to provide the strategic policy direction for the department. To enhance service delivery effectiveness, the committee has been expanded to include the Regional Managers.

One of the earliest initiatives of EXCO has been the introduction of *Operation Shonaphansi* to bring senior management to the coal face of the department's operations. The monthly EXCO meetings are now held in the regions, usually at a district office, and include site visits and meetings with staff. These visits are proving to be enormously valuable and are clearly addressing multiple objectives including monitoring, evaluation, education, team work development and creating a new culture of service excellence.

The department's management committees (MANCO's) are working more effectively, in particular at the regional level. At the departmental level, Management Forum provides the vehicle for engaging all of the department's management staff in the processes related to change management, business planning and performance management.

A Departmental Finance Committee has been established and is meeting regularly. This committee provides much needed coordination of financial decision-making within the department and is a focal point for addressing issues in the complex financial environment within which Works must manage its relationships to the client departments and with the multitude of contractors working on its behalf.

A new Head of Ministry has been appointed and the organisation is being updated. The Minister and the Head of Department have introduced a more disciplined approach to monitoring the department's performance on its key objectives.

## **1.2. Consolidation of Head Office**

A Departmental Relocation Committee has been established to facilitate the consolidation of the department's corporate functions in Pietermaritzburg. The committee is focused on achieving timeous relocation while ensuring that all issues and challenges related to this relocation are fully addressed.

With the relocation of the General Manager, Corporate Services, senior management is now all located in the head office in Pietermaritzburg. Building space to house the remainder of Corporate Services in Pietermaritzburg has been hired but renovations have delayed completion of the move by the end of August as originally planned. The move of staff to the new facility is now well into the detailed planning stages and it is expected that all head office functions will be located in Pietermaritzburg by the end of November 2005.

## **1.3. Quick Start Programme**

Recognising the difficult circumstances of the department, the newly appointed Head of Department convened an urgent meeting of EXCO in April to develop a short term action plan to immediately address the most pressing issues. Turnaround plans were implemented to aggressively address backlogs related to recruitment and resolution of misconduct cases.

## **1.4. Strategic Direction**

To begin the change process for Works, a comprehensive analysis of the strategic issues and challenges facing the department was completed and then thoroughly discussed at a two day workshop of the department's senior management team. Resolutions were taken and an action agenda developed, both of which were incorporated into the document *Strategic Direction for Creating an Organisation of Excellence*.

The new strategic direction and the action agenda were endorsed by the department's Executive Committee (EXCO) in June 2005. An implementation plan and monitoring framework have since been established.

The department's Annual Performance Plan for 2005/06 and the performance agreements of all of the senior managers were amended by the end of July 2005 to incorporate all of the performance expectations identified in the new implementation plan.

Beginning with the August EXCO meeting, monthly progress reports are provided to EXCO to ensure that real progress is being made in the implementation of the Annual Performance Plan.

By the end of the year, the department's Strategic Plan for 2005 – 2010 will be revised to incorporate the new strategic direction. The timing of completion of the new strategic direction was such that full alignment of the strategic planning and budget development processes will only be possible for the 2007/08 financial year. For 2006/07, the budget will be managed to maximise the alignment with both the strategic plan and the annual performance plan.

An internal newsletter is being sent to all of the department's staff setting out the new strategic direction, the principles of strategic management and the processes of strategic planning and performance management as they relate to all staff of the department. Workshops have also been conducted with staff in several offices.

### **1.5. Corporate Structure**

Following approval of the new strategic direction for the department, a comprehensive review of the organisation structure has been initiated. The process will be completed in two phases set around the redesign of the service delivery model and will ensure that the organisation reflects the core functions of the department.

The top structure of the department will be adjusted to reflect the new strategic direction by the end of October 2005. Once the service delivery model has been redesigned, the remainder of the organisation structure will be reviewed in detail and redesigned to maximise the effectiveness of the new model.

All of the restructuring will be completed in the 2005/06 financial year.

In order to substantially increase the decision-making empowerment of the regions, all delegations are being systematically reviewed with a view to maximising the delegated authority of the regional staff. The initial review has been completed for financial and human resource processes but will need to await the completion of the organisational redesign before the operational delegations can be finalised.

### **1.6. Performance Management**

The Performance Management and Development System (PMDS) has been firmly established as the business management framework for the department.

For the first time, operational plans for 2005/06 were completed for all programmes of the department and these were subsequently amended to incorporate the new strategic direction for the department in July. Progress is being monitored monthly with quarterly reviews by EXCO to make any needed decisions to support on time completion of all of the key performance indicators.

Performance agreements have been prepared and signed for all members of the Senior Management Service including amendments in July to incorporate the new strategic direction. All senior managers have also filed financial disclosure forms as required.

A departmental task force has been established to review and amend the departmental PMDS to ensure complete alignment with the guideline document produced by the Department of Public Service and Administration (DPSA).

The Balanced Score Card system is presently being developed for the department through a contract with Fundani Consulting. Workshops have been conducted with all branches and regions. This new approach will be fully implemented within this financial year.

### **1.7. Effective Support for Oversight Processes**

The department has made a commitment to fully and actively support the oversight processes in the execution of their responsibilities.

The Works Portfolio Committee and the department held a workshop in June 2005 to discuss implementation of the Change Agenda and, in particular, the new strategic direction for the department. Suggestions and comments from the portfolio committee were incorporated into the Implementation Plan for Strategic Direction prior to its approval by the department's EXCO. The revised Annual Performance Plan for 2005/06 was provided to the committee.

The next meeting of the portfolio committee and the department is being organised for October 2005 to engage the portfolio committee in the mid-term review process and to review and discuss budget issues and priorities for the 2006/07 financial year.

A priority has been placed on providing timeous responses to all requests for information from the Auditor-General and the Legislature. While work continues to update information related to past requests for information, the department has achieved 100% compliance for all new requests received in 2005/06.



The focus for the remainder of the financial year is to ensure that SCOPA has all of the information it believes it requires to undertake its financial oversight responsibilities.

## **2. *Excellence in Service***

Excellence in service is a culture. Any organisation that decides to embrace excellence is buying into fundamental change in its culture. The things that differentiate service providers of choice from the many others can be clearly identified as their commitment to excellence in service.

The focus of the Change Agenda and the new strategic direction is on creating the capability, the capacity and the culture to fully meet the needs of client departments in a timeous, quality assured and financially responsible manner. Achieving excellence in service is the pre-occupation of the department in 2005/06.

### **2.1. Best Practices Review**

A Best Practices Review Team is being established to complete a review of the best practices in infrastructure development at the national government, other provincial governments, KwaZulu-Natal public entities, eThikwini municipality and selected private sector firms. The focus on resolving immediate issues has delayed the best practices review but it is expected that it will now be completed by the end of October 2005.

### **2.2. *Excellence in Service* Programme**

A departmental task team is being established to develop an *Excellence in Service* programme. Using the KwaZulu-Natal Citizens Charter as the foundation for this new initiative, the objective will be to create a comprehensive new culture in the department emphasising public service, team work, transparency and professionalism. The design of the new programme is to be completed by the end of December, with initial implementation to be completed by the end of the financial year.

### **2.3. Service Delivery Redesign**

Once the new top structure for the department is approved, the service delivery model will be redesigned in detail with a view to addressing challenges such as streamlining, project management, need for specialist services, outsourcing, monitoring and advanced information technology. It is anticipated that this process will be a major focus of the department from November through to the end of the financial year.

### **3. Human Resource Management**

A major intervention is required to assist the department in establishing a positive, service oriented and professional human resource management model. Of necessity, this process will extend into the 2006/07 financial year. While that process is underway, human resource management will focus on eliminating service backlogs and establishing basic operating practices and tracking systems.

#### **3.1. Comprehensive Transformation of Human Resource Management**

The department will be soliciting proposals from human resource management consulting companies for the development and implementation of a comprehensive transformation plan for human resource management. While it would be ideal if this initiative could be completed quickly, it is now clear that this is a very substantial undertaking which will necessarily extend into the next financial year. It is expected that the process will be fully underway by the end of November 2005.

#### **3.2. Elimination of the Recruitment Backlog**

The most urgent priority for human resource management is the elimination of the backlogs of vacant posts and unresolved misconduct cases.

After identifying the priority posts for recruitment, a human resource provision plan was prepared and costed by the end of April 2005. The highest priorities are for management, professional and technical posts. Seven (7) senior management posts and 58 posts in the professional fields have been advertised. By the end of August, 32 posts in total have been filled, with interviews conducted for an additional 43 posts.

While some progress has clearly been made, the backlog is such that the fast track process will receive even more focus over the remainder of the financial year to ensure that recruitment targets are met.

Even with the application of the scarce skills allowance, it has remained very difficult to attract professional and technical candidates. Discussions with other jurisdictions confirm that this is a national problem. The department is exploring a number of ways to address this issue including internships, increased outsourcing, additional scope for utilisation of technologists and central pooling of staff to provide service to the regions which have the greatest difficulty in attracting and retaining qualified staff.

### **3.3. Elimination of Backlog of Misconduct Cases**

At the beginning of the financial year, the department had 118 unresolved misconduct cases. A workshop was held to analyse all of the backlog cases and it was determined that 68 cases had sufficient cause to proceed with due process. Service providers facilitated the workshop and provided training to department staff.

To provide the capacity needed to address the backlog of misconduct cases in an urgent manner, 125 departmental staff have been trained as investigating and presiding officers.

Responsibility for 11 high profile cases was assumed by the Head of Department. It had been expected that the Department of Public Service and Administration would be able to provide timeous support to allow these cases to be resolved by the end of August 2005. This did not eventuate and the department resumed responsibility for the cases in September and has since appointed investigating officers in all cases. One investigation is now completed and the case is ready to proceed. It is expected that most, if not all, of these cases will be resolved by the end of November 2005.

Of the remaining 57 cases, 22 have now been finalised. It is expected that the remaining cases will all be resolved by the end of November 2005.

### **3.4. Personnel Transaction Process Improvement**

In addition to the elimination of the backlogs, the focus for this performance period is to review delegations with a view to maximising regional empowerment and to establish the operating practices which will facilitate clearly defined and well managed human resource transactions.

A task force is presently reviewing personnel delegations and is expected to finalise interim delegations by the end of November 2005. Final delegations will be made after the service delivery model is redesigned.

Standard Operating Procedures (SOP's) and a transaction tracking system are to be developed by the end of December 2005.

### **3.5. Human Resource Development Strategy**

A Human Resource Development Strategy was completed and approved in April 2005. Draft policies in respect of bursaries, Adult Basic Education and Training, learnerships and internships have been developed and are presently the subject of consultation processes.

The final draft of the Departmental Workplace Skills Plan is being reviewed by departmental management.

A new internship programme was developed and launched in July 2005.

### **3.6. Teamwork Development**

Operation Shonaphansi has been very successful in initiating a new spirit of team work in the department. The sense of commitment to a common goal has also been evident in the process addressing the fast tracking of procurement. Attitudes are changing and providing the platform for learning to more effectively work as a team.

EXCO intends to provide the example for the rest of the departmental staff. The department will be soliciting proposals from human resource consultants to undertake an initial capacitation process for teamwork development for the senior managers of the department by the end of the financial year.

## **4. Financial Services**

Effective financial management is critical in a department which has considerable volume and complexity in its financial environment. In addition to the normal departmental financial matters, Works must effectively manage its relationships with the client departments and with the multitude of consultants and contractors working on its behalf.

### **4.1. Effective Budgetary Control**

The department established a budget target of 2% variance on the approved budget. At the mid-point of the financial year the department is within the 2% variance.

Regional financial controllers are being placed in each region to improve financial control and management reliability.

Financial management training for regional staff is a high priority. Preliminary training requirements have been identified and are presently being discussed with Provincial Treasury.

### **4.2. Financial Management**

A Departmental Finance Committee has been established and is meeting monthly. This committee provides needed coordination of financial decision-making within the department.

Financial delegations are presently under review by a departmental task force. The review will be completed by the end of October 2005 and the new delegations should be in place by the end of November 2005.

Review of the department's risk management plan is a priority for the remainder of the financial year. Internal Audit has been requested to assist with the review. The department is appointing external service providers to deliver risk assessment workshops to department staff.

Debt collection from client departments remains a challenge. Monthly statements are forwarded to client departments with monthly claims. Very significant sums remain outstanding. Accrual accounting should be considered to avoid large carryovers from one financial year to the next.

#### **4.3. Supply Chain Management**

All preparations for the implementation of Supply Chain Management (SCM) have long been completed. This new approach offers significant efficiency to a department like Works which is essentially a procurement agency. It is hoped that provincial implementation of SCM will not be subject to further delays.

The SCM structure for the department has been approved and recruitment of the Manager: SCM is in its final stages. All of the delegations have been finalised and approved with effect from the implementation of the SCM legislation. Bid committees have been appointed and trained and an Interim Tender Award Committee has been appointed.

#### **4.4. Fraud and Corruption Prevention**

A draft fraud and corruption prevention plan was tabled with EXCO at its August meeting. The plan is expected to be approved in September and rolled out through a series of staff work shops. An internal fraud hot line has been implemented.

### **5. Information Management**

Information management is at the heart of every well functioning service delivery organisation. Planning, management, monitoring and evaluation all depend on having the right information available in a timeous manner. The needs of managing a major infrastructure development programme make Works an ideal candidate for substantial information technology.

The introduction of a technologically based information management environment to the department must be undertaken in a strategic, well planned manner. The needs and linkages need to be examined carefully to

avoid duplication and maximise the benefits across the organisation and with partner organisations. These solutions are expensive and care needs to be taken at the planning stage to ensure that these initiatives are successful.

### **5.1. Information Technology Unit**

The first step in introducing a more comprehensive information management model is to establish a fully functional information technology unit for the department. The design for such a group is to be completed by the end of December 2005, with implementation to be completed by the end of the financial year.

The first assignment for the new group will be the preparation of a fully costed, comprehensive medium term information technology plan for the department. The plan must include a fundamental technology improvement programme to bring all work stations in the department up to an established high standard over a reasonable period of time.

### **5.2. Fixed Property Asset Management System (FPAMS)**

This system is one of the cornerstone initiatives in the Change Agenda. The development process is now well underway and will be completed by May 2006.

The PREMIS system has been selected as the platform upon which the FPAMS will be built. Acquisition of the system and finalisation of a formal assistance agreement with CSIR and SITA will be completed in October 2005.

Population of the system will make use of all existing records supplemented by a field programme to obtain additional information and ground truth the existing records. Consultants have been appointed to complete a pilot data collection project. Tenders will be let in October for proposals for the population of the Asset Register.

### **5.3. Comprehensive Project Management and Tracking System**

A comprehensive new project management and tracking system is needed which is capable of satisfying the information needs of the myriad of decision makers and users including project managers, client departments, financial managers and those involved in oversight such as senior management and Provincial Treasury.

Careful consideration is being given to whether the existing Works Control System (WCS) can be transformed into this more comprehensive system or whether a new system should be developed. Options are being

considered and a final decision is expected by the end of the financial year.

A significant upgrade to WCS is presently underway which will be completed by the end of December 2005 and fully operational by the beginning of the 2006/07 financial year. A training schedule has been put in place and pilot areas in each region will be operating in January 2006.

#### **5.4. Web Based Roster for Appointment of Consultants**

Work is nearing completion on an electronic system to enable a web based roster system to be used in the appointment of consultants. Application of this system will generate major time savings in the procurement of consultants. System development has been completed and the new system is presently being piloted in tandem with the current process for the appointment of consultants.

#### **5.5. New Departmental Web Site**

The development of a new departmental web site is well underway. This new web site is being designed to assume the major new role that e-commerce will require. A departmental task team, assisted by SITA, have developed the specifications for the new web site. SITA has been contracted to create the new web site which should be in place by the end of November 2005.

### **6. Professional Services**

Professional Services is responsible for the “front end” of the processes related to the development of building infrastructure. This programme is the primary interface with the client departments, providing advance planning and professional advisory services. As well, the management of the myriad of professional and technical consultants used in the infrastructure development process is a major responsibility.

The focus for this financial year is on process improvement including streamlining tender processes, redesigning standard operating procedures and working with the construction industry and regional staff on the implementation of the new legislation related to SCM and the Construction Industry Development Board (CIDB).

#### **6.1. Industry Capacitation**

The CIDB is an entity put in place by the National Government to improve the provision of infrastructure in South Africa by creating a framework for more efficient and effective utilisation of contractors. Legislation has been

put in place which takes effect in KwaZulu-Natal this financial year. This legislation has been carefully aligned with and is complementary to SCM.

Contractors in the province have been made aware of the requirements of the CIDB. A capacitation programme to inform contractors of the detailed requirements and provide advice on registration has been completed. All regions have been covered with total attendance of over 2,000.

## **6.2. Process Improvement**

The completion of the web based roster system for appointment of consultants will be accompanied by a new policy and a much streamlined process for making and approving selections.

A departmental team was established to review and revise bid documents and SOP's with a view to ensuring alignment with SCM, CIDB and the Joint Building Contracts Committee (JBCC) requirements and achieving efficiencies in the department's tendering processes. Revised tender documents and draft SOP's have been completed and are being reviewed within the department.

## **6.3. Interim Provision of Professional Services in Regions**

Professional Services has taken steps to provide interim arrangements for professional services in those regions unable to attract and retain qualified professionals. Guidelines for the use of management and project management consultants have been developed. Alternatives are being assessed to ensure that the regions are able to function in a professional and timeous manner.

## **6.4. Comprehensive Accommodation Plan for Pietermaritzburg**

Professional Services and the Southern Region, in cooperation with Umsunduzi Municipality, have been jointly tasked with the preparation of comprehensive medium and long term accommodation plans for the provincial administration in Pietermaritzburg by the end of the financial year.

This plan should include consideration of a central service centre to provide full one stop shopping for government services in Pietermaritzburg. This process could also provide an ideal opportunity to consider new approaches to building infrastructure including turn key leasing.



## **7. Real Estate**

The number one priority of the Real Estate Programme is the development and implementation of the Fixed Property Asset Management System. The system is to be in place and fully operational by the end of May 2006.

New SOP's for real estate have been drafted and circulated within the department for comment. Of particular importance are the new SOP's for acquisition of provincial state land and the disposal of provincial state land.

The KwaZulu-Natal Land Administration Act requires amendment. The Bill has been completed, with assistance from State Law Advisory Services, and is to be tabled at the next Cabinet meeting. Work will begin on the regulations to ensure that the new regulatory environment can be implemented without delay.

## **8. Client Relationships**

It is obvious that any service delivery organisation must have very good relationships with its clients. Regrettably, the Department of Works' relationships with its clients have never been its strong point.

Works is setting out to recreate its relationships with its clients, proposing a partnership model so that risks and rewards are shared and co-managed. The partnership model should clarify all of the linkages between the departments and should set out the processes to be used to achieve a well planned and delivered infrastructure development programme.

### **8.1. Building New Relationships**

Led by the Head of Department, discussions are underway to create new partnership based relationships with the three client departments – Health, Education and Social Welfare and Population Development - that together commission the largest part of the province's building infrastructure programme. While some delays have been necessitated by changes in the senior management of the departments, Works remains firmly committed to creating new relationships by the end of December 2005.

### **8.2. Redesign of the Client Relationship Model**

Once there is agreement between Works and the client departments on a new partnership approach, Professional Services, in consultation with the client departments, will develop a comprehensive client relationship management model including formal partnership agreements and operating protocols for advance planning, monitoring and reporting, project management and financial management. New service delivery

agreements will be used to formalise the annual construction programmes. This process will be completed by the end of the financial year.

The staffing structures to support this approach also need attention, both in Works and in the client departments. The three major clients need to establish dedicated responsibility managers with appropriate resource teams. Senior key account managers are to be appointed within Professional Services for each client department by the end of October 2005.

### **8.3. Medium Term Infrastructure Plans**

The highest priority for action under these new partnership arrangements is the joint development of medium term infrastructure plans to facilitate advance planning, design and real estate acquisition. These plans could greatly improve the timeous completion of projects. It is imperative that these plans be completed for Health and Education by the end of the financial year.

## **9. 2005/06 Building Infrastructure Programme**

The 2005/06 building infrastructure programme is the transition programme for the implementation of the Change Agenda and the department's turnaround strategy. While meeting all client service delivery expectations, the department is using this programme to introduce numerous improvements to all of the processes of procurement and project management.

### **9.1. Fast Tracking Procurement**

The Head of Department has led the process to develop a plan to fast track procurement processes within the department. A new sense of urgency is being instilled in every process related to procurement with the objective of eliminating "still time" which accounts for much of the perceived slowness in initiating construction.

The Head: Works has engaged her colleague, the Head: Treasury, in a process to facilitate more responsive decisions and appeals related to the Central Procurement Committee.

### **9.2. 2005/06 Construction Programme**

The 2005/06 programme includes 787 projects which are in various stages from pre-design to construction. A breakdown by client and stage is attached as Annexure A.

Overall the department has expended R 334 million on behalf of client departments to the end of August 2005. The department is projected to spend R820 million by the end of the financial year. Detailed breakdowns of expenditures to date and projected expenditures by department and region are provided in Annexure B.

The school infrastructure delivery programme of the Department of Education has allocated 899 new classrooms and 2,345 new toilet seats to the Department of Works for 2005/06. The remainder of the programme for this year has been allocated to IDT, Ithala, Divine Life Society, Prefabricated Classrooms and the fast track initiatives.

To date, 453 new classrooms and 741 new toilet seats of the 2005/06 programme have been completed. An additional 405 classrooms and 982 toilet seats are under construction. The remainder of the programme is at either the tender or design stage. Additional classrooms and toilet seats have also been completed from the carryover of the 2004/05 programme. A summary of the status of the 2005/06 classroom and toilet projects is attached as Annexure C.

Written instructions were received from the Department of Education in May 2005 to suspend all additional tendering and planning activity due to the lack of additional funding.

## **10. Job Creation**

The department has made a firm commitment to become fully engaged in the programmes of the National and Provincial Governments designed to maximise employment opportunities, encourage the development of SMME's and BEE and provide opportunities for women, youth and the disabled.

A proposal is being developed to create a fully integrated unit within the department focused on job creation and business development. This new programme would incorporate the Expanded Public Works Programme (EPWP), the emerging contractors development programme, Special Projects, BEE and the recently announced Economic Alignment Strategy.

The department now includes an EPWP component in all projects. EPWP principles are included in all tender documents. Workshops have been conducted in the four regions addressing District Heads, works inspectors and procurement officers on EPWP. Employment targets have been established at 60% women, 20% youth and 2% people with disabilities.

The department has initiated a training programme for consultants and contractors to assist them in complying with the objectives of EPWP and

the emerging contractors development programme. A number of consultants have already completed the training and an advertisement has recently been placed for a broad training initiative.

From April to July 2005, the department created over 8,000 new jobs.

## **11. *Building the Construction Industry***

The construction industry is significantly lacking in capacity in South Africa and KwaZulu-Natal reflects this reality.

Works is developing a strategy for aggressive growth of the construction industry in KwaZulu-Natal, in cooperation with the Department of Public Works and the Construction Industry Development Board. The strategy will be completed by the end of December.

The department has sponsored a Women in Construction workshop. A programme of action has been developed to encourage and support women in construction and it will be considered at the next EXCO meeting. Discussions have been held with the private sector to determine interest in participating in this initiative.

Under the direct leadership of the Head of Department, new strategic partnership opportunities are being explored with industry associations and key corporations to more effectively engage them in achieving the department's objectives.

## **CONCLUSION**

The Department of Works has taken the Change Agenda announced by the Minister and transformed it into a plan of action which is fully incorporated into the Annual Performance Plan of the department. Through the performance management system, specific initiatives have been detailed with clear objectives and accountability.

The Mid-Term Report provides a summary of the progress that has been made in the first six months of the financial year. While there is considerable progress to report, the department has used its mid-term review to redouble its efforts to ensure that the Change Agenda and the department's Annual Performance Plan are fully and timeously achieved.

## ANNEXURE A

### 2005/06 PROJECT SUMMARY BY CLIENT AND REGION

CLIENT DEPARTMENT	PROJECT STATUS	ETHEKWINI	MIDLANDS	NORTH COAST	SOUTHERN	GRAND TOTAL
AGRICULTURE	3 PRE-DESIGN STAGE		1			1
	4 DESIGN STAGE	1		1	1	3
	4B TENDER STAGE			2	1	3
	5B CONSTRUCTION STAGE		1	1	4	6
AGRICULTURE Total		1	2	4	6	13

ARTS CULTURE	4B TENDER STAGE				1	1
ARTS CULTURE Total					1	1

EDUCATION	3 PRE-DESIGN STAGE	4				4
	4 DESIGN STAGE	19	78	7	2	106
	4B TENDER STAGE	10	30	38	1	79
	5 RECOMMENDED TENDER STAGE	5			2	7
	5A PRE-SITE HANDOVER	2	1		1	4
	5B CONSTRUCTION STAGE	52	137	24	55	268
EDUCATION Total		92	246	69	61	468

HEALTH	3 PRE-DESIGN STAGE	4	7	1	2	14
	4 DESIGN STAGE	6	17	57	3	83
	4B TENDER STAGE	2	3	12	9	26
	5 RECOMMENDED TENDER STAGE	6				6
	5A PRE-SITE HANDOVER	1		1	1	3
	5B CONSTRUCTION STAGE	14	18	11	19	62
HEALTH Total		33	45	82	34	194

HOUSING	4 DESIGN STAGE			1		1
HOUSING Total				1		1

PREMIER	4 DESIGN STAGE			3		3
	5B CONSTRUCTION STAGE				1	1
PREMIER Total				3	1	4

<b>T&amp;LGA</b>	5B CONSTRUCTION STAGE			1		1
T&LGA Total				1		1

<b>TRANSPORT</b>	3 PRE-DESIGN STAGE	2	1	3		6
	4 DESIGN STAGE			1		1
	4B TENDER STAGE		1			1
	5B CONSTRUCTION STAGE	2	3			5
TRANSPORT Total		4	5	4		13

<b>WELFARE</b>	3 PRE-DESIGN STAGE		4	1		5
	4 DESIGN STAGE	2	7	6		15
	4B TENDER STAGE		1		1	2
	5A PRE-SITE HANDOVER		1			1
	5B CONSTRUCTION STAGE	4	5	1		10
WELFARE Total		6	18	8	1	33

<b>WORKS</b>	3 PRE-DESIGN STAGE	9	2	2		13
	4 DESIGN STAGE		2	14	1	17
	4B TENDER STAGE	1		1	1	3
	5A PRE-SITE HANDOVER				1	1
	5B CONSTRUCTION STAGE	2	6	14	3	25
WORKS Total		12	10	31	6	59

<b>GRAND Total</b>		148	326	203	110	787
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**ANNEXURE B**

**KWAZULU-NATAL DEPARTMENT OF WORKS  
ACTUAL AND PROJECTED EXPENDITURE ON BEHALF  
OF CLIENT DEPARTMENTS  
2005 / 2006**

**SUMMARY OF ACTUAL EXPENDITURES  
AS AT 31 AUGUST 2005**

**CLIENT EXPENDITURE FOR 2005 TO 2006**

		<b>ETHEKWINI REGION</b>	<b>MIDLANDS REGION</b>	<b>SOUTHERN REGION</b>	<b>NORTH COAST REGION</b>	<b>TOTAL</b>
Arts and Culture		365,643	0	1,274,266	0	1,639,909
Agriculture		1,311,650	4,311,602	16,579,583	4,605,491	26,808,326
Economic Dev		1,408,328	0	110,211	0	1,518,540
Education		45,377,442	34,432,431	28,974,594	41,498,535	150,283,002
Health		32,009,138	6,808,487	28,230,355	12,081,417	79,129,398
Royal Household		2,271	0	0	282,133	284,404
Housing		0	0	316,058	29,700	345,758
Legislature		149,725	0	1,439,746	0	1,589,471
Premier		0	0	16,908,218	496,768	17,404,986
Sport and Recreation		0	0	380,680	0	380,680
Transport		1,991,545	215,752	930,168	235,114	3,372,579
Trad. & Local Government		577,255	215,978	2,090,407	686,124	3,569,764
Social Welfare		5,617,614	6,451,837	3,223,455	6,053,563	21,346,468
Works		6,050,757	1,324,488	3,337,784	15,722,769	26,435,798
<b>TOTAL</b>		<b>94,861,370</b>	<b>53,760,574</b>	<b>103,795,527</b>	<b>81,691,613</b>	<b>334,109,083</b>

## SUMMARY OF PROJECTED EXPENDITURES 2005-2006

CLIENT EXPENDITURE FOR 2005 TO 2006						
OBJECTIVE		ETHEKWINI REGION	MIDLANDS REGION	SOUTHERN REGION	NORTH COAST REGION	TOTAL
Arts and Culture		587,785	0	1,662,006	0	2,249,791
Agriculture		1,806,862	11,063,221	27,720,807	8,159,591	48,750,481
Economic Dev		2,286,066	0	0	0	2,286,066
Education		0	0	0	0	364,160,000
Health		86,592,630	18,990,974	76,029,704	39,210,707	220,824,015
Royal Household		3,000	0	0	464,600	467,600
Housing		0	0	413,753	38,033	451,786
Legislature		300,000	0	2,368,683	0	2,668,683
Premier		0	0	35,879,400	2,280,325	38,159,725
Sport and Recreation		0	0	475,042	0	475,042
Transport		3,451,684	769,632	1,851,312	885,136	6,957,763
Trad. & Local Government		706,411	300,000	2,620,396	888,061	4,514,868
Social Welfare		9,362,104	14,255,218	3,507,645	11,935,568	39,060,535
Works		15,059,000	5,619,000	12,601,000	55,595,000	88,874,000
<b>TOTAL</b>		<b>120,155,542</b>	<b>50,998,045</b>	<b>165,129,748</b>	<b>119,457,021</b>	<b>819,900,356</b>



## ANNEXURE C

### MID-TERM STATUS OF SCHOOL CONSTRUCTION 2005/06 BUDGET

#### MAJOR WORKS

Status Description	New Classrooms	New Toilet Seats
TENDER STAGE	22	421
<b>Total</b>	<b>22</b>	<b>421</b>

#### CAPITAL SERVICES

Status Description	New Classrooms	New Toilet Seats
CLASSROOMS COMPLETED	453	741
CONSTRUCTION STAGE	405	982
DESIGN STAGE	0	5
DESIGN STOPPED	12	179
PRE-SITE HANDOVER	7	17
<b>Total</b>	<b>877</b>	<b>1,924</b>