



## **KwaZulu-Natal Department of Works**

### **Vote 14**

#### **2006/2007 Budget Address to the Provincial Legislature**

#### **Honourable MB Gwala, Minister of Works**

#### ***“Meeting the Challenge of Accelerated Service Delivery”***

Mr Speaker

Honourable Premier

Executive Council Colleagues

Honourable Members

### **INTRODUCTION**

Mr Speaker, as members are well aware, this has been a year of profound change for the Department of Works. In my budget address to this assembly last year I confirmed my commitment to transforming KwaZulu-Natal Works from its previously dysfunctional and underperforming state to an organisation of excellence. The Department has embraced this process with a vigour and intensity that is unprecedented. We are well on our way on the journey to excellence. In the 2006/2007 financial year, we will meet the challenge of accelerated service delivery!

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

Mr Speaker, It is widely recognised that infrastructure development is one of the fundamental cornerstones for development in South Africa. Funding support from the National Government continues to increase, taxing the ability of all of the players in the infrastructure development sector to deliver on these very ambitious expectations.

The Department of Works has a mandate to provide comprehensive building infrastructure services to the departments of the KwaZulu-Natal provincial administration. This mandate is not binding on other departments and the Department of Works must rely on the decisions of the client departments to fulfil their building needs by employing the department as the preferred service provider.

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

The Department of Works needs to ensure that it is capable of meeting all of the expanded expectations and to do so without sacrificing any of the critical objectives of cost effectiveness, high quality construction and timeous completion of projects. Accelerated service delivery requires the adoption of innovative new approaches

to service delivery. The traditional approaches, quite frankly, cannot meet the ambitious targets that have been set.

## **MANDATE FOR CHANGE**

Mr Speaker, as I stated in my Budget Address last year, upon my appointment as Minister for Works I made a commitment to the Premier to transform the Department of Works from its traditionally underperforming state to an organisation of excellence. To give life to this commitment, I commissioned the development of a Change Agenda which sets out the key objectives that form the core of the major turnaround initiative for the department.

In the many meetings and workshops that the management of the department and I have had over the year to give life to this transformation, we have affectionately referred to the Change Agenda as the “chorus” – it has become the driving force of the department and I must state, for all to hear, that the revitalized senior management team of the department has fully taken up the challenge to become the most well functioning public works organisation in South Africa.

Mr Speaker, the Change Agenda, the Works Chorus, 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; and,
- Full engagement of the Expanded Public Works Programme.

The mandate for change was clearly established and widely endorsed.

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

Mr Speaker, underpinning the implementation of the Change Agenda, basic principles have been established to provide the filter through which to examine the issues and challenges facing the department. If the Change Agenda is the chorus, these principles are the first verse. Allow me to highlight these principles:

1. National and Provincial agendas provide the framework for the department especially related to accelerated service delivery;

2. As a service provider, the department must be business based and client driven;
3. The concept of “excellence in service” must overarch the entire business model of the department;
4. The culture of the department must reflect the values of team work, integrity, transparency and professionalism;
5. Partnership must be the cornerstone of all client relationships;
6. Responsibility, authority and accountability must be completely aligned;
7. Planning is the foundation for any successful infrastructure program and the earlier and the more strategic the better;
8. Internal structures and processes must be based on a team concept – one objective, mutual support, with high levels of delegation fully empowering decision makers at all levels;
9. Decision-making processes must be simplified, incorporating the principles of “value added” and empowerment.

## **ACCOUNTABILITY**

Mr Speaker, the key to successful transformation is to create sustainable long-term change. The journey to excellence is filled with challenge and progress requires a continuing commitment. It also requires accountability. Close to a year ago, I gave you my commitment that I would be accountable to you for our progress in implementing the Change Agenda.

## **MAJOR PROGRESS ACHIEVED IN 2005/06**

The launch of the Change Agenda in April 2005 initiated a series of actions intended to fundamentally transform the department into a well functioning service provider of choice.

Mr Speaker, I am very pleased to advise Members today that all items in the Change Agenda have been actioned and substantial progress has been realised in 2005/2006.

## **Governance Structures**

Following the appointment of Dr F B Madlopha as the new Head of Department, a new framework for management has been put in place and energised. The senior management team has been substantially strengthened with the appointments of Mrs M S Linda as General Manager: Professional Services and Mr T A Mdadane as General Manager: Operations. A new Head of Ministry has been appointed

and that organisation is being updated and strengthened. We have also made appointments to the Managers of Finance, Legal Services and Supply Chain Management and the Regional Managers of the North Coast and eThekweni regions. A recruitment process is presently underway for the Chief Financial Officer. Early in the new financial year, the department will have in place a complete and newly energised senior management team, part of the fully consolidated corporate headquarters in Pietermaritzburg.

One of the earliest initiatives of the new senior leadership team 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 often held in the regions, usually at a district office, and include site visits, work audits and meetings with staff. These visits are proving to be enormously valuable, supporting the new culture of service excellence.

The Performance Management and Development System has been firmly established as the business management framework for the department. A disciplined, accountable approach to the business of the department is now in place and providing the framework for the establishment and implementation of the department's new strategic objectives.

For the first time, performance plans were completed for all programmes of the department in 2005/2006. Progress is monitored monthly to support on time completion of all of the key performance

indicators. The Balanced Score Card system has been developed for the department and will be fully implemented for the new financial year.

A fraud and corruption prevention plan has been adopted by the department. The plan is being actioned through a series of staff workshops. An internal fraud hot line has been implemented.

### **Strategic Direction**

Mr Speaker, to begin the change process for Works, a comprehensive analysis of the strategic issues and challenges facing the department was completed and thoroughly addressed by the department's senior management team. Resolutions were taken and an action agenda developed. We would be pleased to provide copies to any member who has not yet received one.

### **Human Resource Management**

As all members are aware, a well functioning organisation must have positive, service oriented and professional human resource management. A high priority for 2006/2007 is the development and implementation of a comprehensive transformation plan for human resource management in the department.



For the 2005/2006 financial year, the most urgent priority for human resource management in the department has been the elimination of the backlogs of vacant posts and unresolved misconduct cases.

The priority posts for recruitment were systematically identified and costed by the end of April 2005. The highest priorities are management, professional and technical posts. 171 posts were advertised in 2005/2006. By the end of the financial year, 70 posts in total had been filled, with processes still underway for an additional 56 posts.

The significant number of posts advertised and not filled reflects the continuing problem with attracting professional and technical candidates. Discussions with other jurisdictions confirm that this is a national crisis. Frankly, government is simply not competitive in what is a much smaller labour pool than is needed to meet the country's growing infrastructure development initiatives. The department has addressed this very difficult challenge in every way possible 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.

While progress has clearly been made, the backlog is such that the fast track process must and will be continued until all recruitment targets are met.

Mr Speaker, at the beginning of the 2005/2006 financial year, the department had 118 unresolved misconduct cases. As I reported in my Mid-Term Address, a workshop was held to review all of the backlog cases and it was determined that 68 cases had sufficient cause to proceed with due process.

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

As members will recall, responsibility for 11 high profile cases was directly assumed by the Head of Department, after insufficient progress was made by DPSA. Investigations are completed in all of these cases and the disciplinary processes have been initiated and are proceeding to conclusion. In all 11 cases, the Commercial Crimes Unit of SAPS has been asked to complete investigations to determine whether criminal charges should also be pursued.

Of the remaining 57 cases, 36 have now been finalised. All of the remaining cases will be resolved early in the new financial year.

Mr Speaker, the Department of Works has adopted a zero tolerance approach to fraud, corruption and nepotism. Prompt internal action is being taken on all new misconduct cases and we are and will continue to work closely with the Commercial Crimes Unit of SAPS to ensure that criminal charges are aggressively pursued wherever appropriate. I would note that in 2005/2006, criminal proceedings

were initiated against 30 officials and suppliers. Additional investigations are presently being finalised which implicate another 46 officials and suppliers.

## **Information Technology**

Mr Speaker, the management of a major infrastructure development programme make Works an ideal candidate for substantial information technology, particularly through the introduction of web-based e-business. Works is in the process of establishing a fully functional information technology unit, with the first assignment for the new group the preparation of a fully costed, medium term information technology plan for the department.

While creating the capability to be a leading edge e-business organisation is a high priority, the department has not waited to take action on immediate needs. The focus in 2005/2006 has been on the completion of five major systems which will underpin the new service delivery model. A new departmental web site was launched in November 2005. This new web site has been designed to assume the major new role that e-business will require. While the basic features are in place on the web site, we will be incorporating a number of new e-business components as these systems are completed. Our goal is to have a web site which provides one stop shopping for all of our suppliers, clients and departmental staff.

Mr Speaker, the number one priority for information management and one of the cornerstone initiatives in the Change Agenda is the development of a provincial fixed asset management system. Today, I am pleased to inform this House that this system is now operational, with data population ongoing. The project is on schedule and the province's new Fixed Property Asset Management System will be fully operational in May 2006, as I promised in last year's budget address.

This system has been developed using PREMIS as the software platform, ensuring maximum integration with Treasury and key client departments. I would also note that our system fully meets all of the requirements established by the National Government.

As members would expect, development of such a system is never complete. Work will continue on an ongoing basis to ensure that the system is always current and new applications are developed to facilitate the most wide ranging and convenient accessibility to this critical information. The Implementation of the asset register now enables my department to assess the extent of excess or underutilized property with a view to developing an asset disposal strategy. Additionally my department will be developing a policy to govern the allocation and rent payable in respect of houses rented to officials and parliamentarians within the Province. Both of these issues will be incorporated within the KZN Administration Bill.

I am also pleased to advise Members that we have completed a comprehensive redevelopment of the Works Control System and have launched the new Works Information Management System (WIMS) in April of this year. The new system is web-based, allowing for extensive, but carefully controlled, access by client organisations, financial managers and departmental staff at all levels. The system has been designed to easily create management information related to both programme and project status and expenditures.

A new electronic system has been developed 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 project consultants.

The fifth information technology initiative completed in the past financial year has been the installation of the *QPR* software which provides the platform for the Balanced Score Card system. As I noted earlier in my address, performance management is critical to accelerated service delivery and this new system provides the business framework for the infrastructure development programme.

## **Partnerships**

Mr Speaker, led by the Head of Department, new partnership based relationships are being established with the three client departments that commission the largest part of the province's building infrastructure programme – Health, Education and Social Welfare and

Population Development. This new partnership approach is being actioned through the development of a comprehensive infrastructure management model including new service level agreements and operating protocols.

The Joint Task Team on Education Infrastructure has been re-established and is addressing the issues which must be resolved to allow the province to fully meet its school infrastructure targets.

The Departments of Works and Education have together embraced the second phase of the nationally supported Infrastructure Development Improvement Programme. The programme provides senior technical assistance and programme management systems which will aid the departments in ensuring that the school infrastructure development programme is able to fully meet its targets and eliminate the backlog of classrooms as quickly as possible.

A similar national programme will become available to the Departments of Works and Health, beginning in July 2006.

Partnership is the approach we are introducing to all of our relationships, both inside and outside of government. Under the direct leadership of the Head of Department, new strategic partnership opportunities are being actively pursued with industry associations and key corporations to more effectively engage them in addressing and achieving the department's objectives.

## **Job Creation and Business Development**

Mr Speaker, the Department of Works has become fully engaged in the programmes designed to maximise employment opportunities, encourage the development of SMME's and BEE, and provide opportunities for women, youth and the disabled. An EPWP component is now included in all projects and EPWP principles are included in all tender documents. 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.

## **Building the Construction Industry**

Mr Speaker, as has been noted on many occasions, the construction industry is significantly lacking in capacity in South Africa, and KwaZulu-Natal reflects this reality. Works is exploring strategies for growth of the construction industry in KwaZulu-Natal, in cooperation with industry associations, key corporations and national agencies.

Of particular note, Mr Speaker, is the new initiative on Women in Construction the department has aggressively adopted in this past year. Building on the first of what will be annual conferences, the department has committed significant funding to assisting women to establish construction companies and undertake a significant portion of the construction of the Multi Purpose Community Centres. The

department intends to commit as much as possible of this cooperative initiative to women in construction on an ongoing basis.

### **2005/2006 Building Infrastructure Programme**

Mr Speaker, the 2005/2006 building infrastructure programme has been a transition programme for the implementation of the Change Agenda and the department's turnaround strategy. While working to meet client service delivery expectations, the department has used this programme to introduce improvements to all of the processes of procurement and project management.

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

The 2005/2006 works programme included 787 projects with total expenditures topping the R800 million mark for the first time.

The school infrastructure delivery programme of the Department of Education allocated 877 new classrooms to the Department of Works in 2005/2006. By the end of the financial year, 765 of these classrooms were completed with the remainder scheduled for completion by the end of June. An additional 22 classroom school is scheduled for completion in October 2006.



While the department's overall performance clearly improved in 2005/2006, we are well aware that there remains much to do to fully meet all of the expectations of the client departments.

## **REDESIGN OF THE SERVICE DELIVERY MODEL**

Mr Speaker, as I have noted, in 2005/2006 the department has concentrated on putting in place basic management structures and streamlined business processes. These improvements set the stage for the more profound change needed to meet the ultimate objective of the department – to fully satisfy all of the building infrastructure needs of the KwaZulu-Natal Provincial Administration in a timeous, high quality and cost effective manner.

Comprehensive redesign of the department's service delivery model for the provision of building infrastructure is the next stage in the change process. The implementation of the Accelerated Service Delivery model will be the flagship programme of the KwaZulu-Natal Department of Works in 2006/2007!

Mr Speaker, a departmental Service Delivery Redesign Team was appointed in October 2005, comprised of senior managers and the international consultant, well known to members of this House, who was appointed to assist the department in its transformation.

The team workshopped in detail every aspect of the department's service delivery model with a view to identifying innovative new

approaches capable of meeting all client expectations, recognising a two-fold increase in departmental capacity may well be needed.

The review perspective has been business based and client driven; targeting effective, efficient and timeous delivery. All of the issues which impact on service delivery were examined. The Redesign Team has focused on identifying and adapting the innovative approaches of other South African infrastructure development organisations for which there has been demonstrated and sustainable success.

The redesign is being completed and implemented in three phases. The first phase, the resolution and documentation of the strategic actions required to fully address each of the major issues, was completed in January 2006.

After confirmation of the strategic direction, the Redesign Team completed the development of more detailed proposals and implementation plans for each of the major elements of the redesigned model. This process has proceeded on a fast track with a view to being able to begin implementation as we enter the new financial year.

The 2006/2007 financial year will be a transition period to ensure the smooth and productive introduction of the new accelerated service delivery systems. It is expected that the implementation phase will be fully completed within the new financial year.

Mr Speaker, while this is not the forum to present in detail the new Accelerated Service Delivery model for the department, I would like to give Members a few highlights:

1. The core functions of the department are being realigned to ensure that all service delivery functions are integrated and streamlined;
2. New infrastructure planning and coordination capacity will be created to work with client departments to develop and manage a multi-year provincial infrastructure programme;
3. Policy development, planning and coordination functions are being significantly strengthened;
4. The heart of the new accelerated service delivery model is a new programme management system which will appoint comprehensive programme management contracts that provide programme coordination, consulting services and contractor management for a multi year envelope of infrastructure projects. This new approach will overcome the chronic shortages of professional and technical staff, create significant new capacity and produce substantial management and financial efficiencies;

5. The implementation of Supply Chain Management, which provides major potential efficiencies on its own, will be tailored to support the new accelerated service delivery model;
6. Management of consultants will now be undertaken through performance based contracts;
7. A new monitoring and reporting protocol is being developed to provide accurate, current information in support of effective management and oversight of the programme;

With the redesign of the service delivery model, there can be no doubt that the KwaZulu-Natal Department of Works will be able to meet the challenge of expanded and accelerated service delivery in 2006/2007 and beyond.

### **BUDGET FOR 2006/2007**

Mr Speaker, as Members are aware, Vote 14 represents the budget for the Department of Works and includes the funding needed to deliver the infrastructure programme for the provincial administration and the actual infrastructure funding for the Department of Works.

The Public Finance Management Act requires that each Department budget for its own expenditure, including all infrastructure required by that department or funded through its programmes. Funding is

directed by those departments to the appropriate service provider based on the work assigned.

The budget for the Department of Works covers only the infrastructure requirements of the Works Department, and for certain shared facilities. The remainder goes towards paying for the services and associated costs of its specialised staff that do work on behalf of the other Departments.

The Department of Works is unique in that it exists solely to provide service to the departments of the provincial administration. It has only one programmatic focus, to meet all of the building infrastructure needs of its client departments in an effective, cost efficient and high quality manner.

Mr Speaker, the total budget for Works for the 2006/2007 financial year is just over R450million, including a modest 6% increase over the previous financial year. As I have already noted, this budget is unlike the budgets of line departments, in that it is entirely focused on meeting the infrastructure needs of the provincial administration.

The complete focus of the Department of Works in 2006/2007 is on the implementation of accelerated service delivery. Every resource available to the department is being committed to delivering all of the expectations of the client departments.

Mr Speaker, a year ago, I made a commitment to this House to transform the Department of Works into an organisation of excellence. I am very pleased and proud of the progress that has been made – the planning and design has been completed, the foundation has been laid and building is well underway.

As impressive as our progress has been, this next financial year will see the redesign of the service delivery model provide the tangible benefits of the department's transformation. Accelerated service delivery will be achieved in 2006/2007. Client expectations will be met and likely exceeded!

## **CONCLUSION**

In conclusion, Mr Speaker, I want to take this opportunity to express my thanks to Dr Madlopha and the staff of my Department who have committed themselves to the creation of this new organisation of excellence. I salute them because their dedication has made possible the substantial progress we've made in this past year. I also thank the oversight committees – Portfolio Committee, Finance Committee and Standing Committee on Public Accounts for their constructive criticism that has enabled this Department to re-shape itself.

Today, Members, I reconfirm the commitment that I made last year. The Department of Works will fully meet all of the needs of the KwaZulu-Natal provincial administration in a cost effective, efficient and timeous manner.

Mr Speaker, I table the budget for Vote 14 and move that the House approve it.