

## BUDGET VOTE 14 DELIVERED BY THE HONOURABLE MEC FOR PUBLIC WORKS

JOMO NTUTHUKO SIBIYA

06 MAY 2021

Chairperson

Speaker

Deputy Speaker

Members of the Provincial Legislature

Mayors and Councillors of Local Government

Director General and Heads of Departments

Distinguished Guests

The people of KwaZulu-Natal following us in various media platforms

Members of the media

Good Morning

**Madam Speaker**, we note with heavy hearts that we are presenting this Budget Vote as a province in distress due to fatalities from recent severe weather patterns.

As the realities of climate change hit our own doorstep and floods having ravaged different parts of our province – our hearts are with families of those who lost their loved ones.

Kuyisifiso sethu singumnyango ukudlulisa amagama enduduzo kuyo yonke imindeni elahlekelwe yizihlobo, abangani kanye nomakhelwane. Yisikhathi esinzima lesi esiphuma kuso kodwa sinethemba lokuthi uJehova uzonigcina aninikeze isibindi.

Siyazi imindeni eminingi ihlezi emahholo, ezihlotsheni kanye nakubangani. Sibonga uhulumeni kazwelonke oholwa nguMongameli uCyril Ramaphosa, ikhabhinethi yakhe kanye nohulumeni wesifundazwe oholwa nguNdunankulu uSihle Zikalala noNgqonqoshe bonke ngokungenelela.

We thank the President of the Republic of South Africa, His Excellency Cyril Ramaphosa, his cabinet, our Premier Sihle Zikalala, Members of the Executive Council and Members of this House for the demonstrating leadership during the most painful periods in the history of this province.

**Honourable Members**, we have come here to report to the elected public representatives and the people of KwaZulu-Natal, that the Department of Public Works is ready to take a lead in the reconstruction of socio-economic infrastructure needed by the people of this province.

Immediately after the disaster, we deployed a roving team of professionals in the built environment to assess, review and estimate costs for the repair of damage to infrastructure.

We wish to report that the team has assessed and provided cost estimates in 75 facilities for departments of transport, health and social development. Further assessments of 30 facilities for the department of arts and culture are being finalized.

## PRIORITIES

**Honourable Members**, at this stage we wish to pause and pay tribute to the pathfinders of this freedom and democracy. We are all gathered here as products of the democracy that we ushered in 28 years ago. We represent the aspirations of more than 11, 1 million of people throughout the corners of this province.

As we advance their aspirations, we remember that the ruling party, the African National Congress remains the vehicle for transformation of society. It is former President Nelson Mandela who believed that the ANC, as a governing party, had a responsibility to use all the resources of the state to eradicate poverty.

Madiba once remarked: *“Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life.”*

*“He further pointed out: “The dire poverty of some is not an affliction which impacts only on those who are deprived. It reverberates across the globe and ineluctably impacts negatively on the whole of humanity, including those who live in conditions of comfort and plenty.”*

**Madam Speaker**, as inspired by the words of Madiba, it is my intention to briefly outline how the people of KwaZulu-Natal stand to benefit from our programme of action. As Public Works we remain committed towards ensuring that KZN plays a leading role in the creation of a better future for our country.

Our priorities have been packaged to support provincial government departments as they put this province on a new trajectory of socio-economic development.

Having been invited by the Eastern Cape Provincial Government to be part of the Transformation of Property Sector Conference, we acknowledge that we need to do more, collectively, to transform the sector.

Later on we will reflect on the lessons learned and best practices that we believe will help the two provinces share skills and resources in order to grow our respective economies.

Importantly **Honourable members**, we understand that the growth of our province is a result of the economic activities of not only other provinces but of various neighbouring states and trading friends of South Africa. These are the issues that have informed our priorities.

Throughout this term of office, we remain focused on achieving the following priorities. In the interest of time, we will name but a few:-

1. Strengthening the capacity of Public Works as the only Implementer of Choice for infrastructure development in KwaZulu-Natal;
2. Reducing rentals through the construction of state-owned infrastructure and maximum use of existing state facilities;
3. Improving audit outcomes;
4. Improving the maintenance of state buildings;
5. Accelerating the transformation of the property sector in KZN;
6. Negotiation and reduction of property rates on the state owned properties in EThekweni Metro;
7. Restructuring the Department to be service delivery focused;
8. Reengineering and producing a new service delivery model;
9. Strengthen Internal Control working with Provincial Treasury.
10. Effective co-ordination of EPWP to ensure skills development and acquisition of required practical skills in order to accelerate socio-economic development;
11. Building internal capacity, artisan skills development through our own workshops in EThekweni Metro and in the outer years in UMzinyathi and UMgungundlovu Districts
12. Building the provincial precinct in collaboration with other departments including Office of the Premier and the Legislature;

**Honourable Members**, in drafting this Budget Vote, we took into consideration the government's focus on reconfiguring the structure of the economy of the province – post COVID-19 period. We are also rebuilding the social infrastructure damaged by floods.

We have internalized the fact that, the provincial government, has redefined centres of growth and corridors of development as outlined by the Premier in his State of the Province Address.

We are directed to focus on entrepreneurship development which is vitally important to the economic and social development of this province as we rebuild this province.

We understand as Public Works that through innovation, entrepreneurs create new, competitive markets and businesses which lead to job creation and have multiplying effect on the economy.

The question is – what are we planning to do - to stimulate socio-economic development and drive entrepreneurship?

**2022/23 Public Works Budget is R R1, 942,297 billion.**

**Madam Speaker**, the reprioritized budget for 2022/23 financial year is R1, 942,297 billion. This figure will remain meaningless if it fails to touch the lives of ordinary members of society who are subjected to the conditions of squalor everyday.

As a matter of fact, we must reiterate our position that we are a generation born to defend the gains of political freedom. The decisive way of defending this political freedom is to end the vicious circle of poverty. We will never abdicate this responsibility bestowed on us by those who voted for the ANC into power.

We have stated in many platforms that, as this current generation, history will judge us harshly if we turn a blind eye to the grinding poverty that affects Blacks, who are the majority of people in this country.

Our grandparents were impoverished, humiliated and had no ability to create wealth for their children.

Our parents suffered like our grandparents. They endured the pain and lived under the yoke of economic oppression.

**Compatriots**, we are inspired by the leaders produced by the glorious movement to make a difference.

Our hope for a better future is provided by the triumph of the most scorned, oppressed and downtrodden who challenged the most sophisticated and feared regime in the whole continent of Africa – and won!

We are determined to win. Failure is not an option.

Our determination is to ensure that the people of KwaZulu-Natal are liberated from the yoke of economic oppression irrespective of their political affiliation.

We want the people of this province to feel the impact of the R3 billion we are projected to spend on behalf of provincial government departments.

We are responding to sluggish economic growth which has had a wide ranging knock-on effects in our province. One of the most severe impacts has been on the ability of the provincial economy to, not only sustain and retain existing jobs in the province, but also to grow the job market and reduce unemployment

Importantly, by rolling out infrastructure on behalf of government departments, we are effectively implementing the National Development Plan. The plan identifies specific steps that need to be taken to promote the values and principles of public administration contained in the Constitution. We want to build an efficient, effective and development oriented public service as part of a capable and developmental state.

The NDP highlights the need for well-run and effectively coordinated state institutions, with skilled officials who are committed to the public good and capable of delivering consistently, high-quality services, while prioritizing the nation's developmental objectives. This is what we are committed to do with this budget.

**During budget formulation process, we considered the following-**

- Carry-through costs of the wage adjustments in line with the Provincial Treasury guidelines.
- All inflation related increases are based on CPI projections.
- Reprioritisation and adherence to cost-cutting measures as issued by Provincial Treasury.

- The capital budget is based on the department's infrastructure plan.

## **PROGRAMME 1: Administration R441, 092 million (22.71%)**

The main objectives of this programme are to provide strategic leadership and overall management.

Other areas of responsibilities include supporting the Executive Authority, building a positive corporate culture and rendering support and advice in terms of human resources and legal matters.

Communication and effective use of digital infrastructure (ICT) are other key focus areas under this programme.

The Programme also ensures monitoring and evaluation (M&E) systems are in place and renders sound financial management services, risk management and supply chain management.

The programme's budget is distributed as follows:

- **Compensation of employees:** R 340,537 million
- **Goods & services:** R 81,735 million
- **Transfers & subsidies:** R 8,793 million
- **Machinery & equipment:** R 4,227 million
- **Software & intangible assets:** R 5,800 million

### **Strengthening of Service Delivery and Good Governance**

**Madam Speaker**, the past financial year we worked hard as a team to build a solid programme of service delivery through integration of programmes and services.

We have maintained a strong sense of accountability of senior management at head office and across the districts. The monitoring and evaluation of performance has greatly assisted the process of ensuring solid service delivery.

Importantly last year, we committed ourselves publicly to build an image of clean governance, inspired by our determination to ensure speed and efficiency.

We commit to build on the solid foundation we have laid by filling vacant posts as a way of strengthening service delivery. In the 2021/22 financial year twenty nine (29) posts were filled of which fourteen (14) were in the professional disciplines.

In 2022/23, as at 30 April 2022, eleven (11) posts have been filled. The current Human Resource Provisioning Plan reflects forty two (42) vacant posts still to be filled with the great progress being made to fill all of them.

We commit to ensure that the issue of the Head of Department is finalized. We will also finalize the recruitment process of the Chief Financial Officer and the Head of Infrastructure.

Having said that, we appreciate the energy and vibrancy injected into our work by the young team of professionals – mostly under the age of 45. This team has done exceedingly well.

On clean governance matters, we undertake to continue to work with Provincial Treasury to do a thorough review of all government contracts, tracking performance, determining value for money and preventing irregularities.

We continue to ensure consequence management by dealing with cases of fraud associated with procurement processes.

**Madam Speaker**, we wish to report that there are twelve (12) forensic cases which are in progress and four cases were finalised. We can also report satisfactory progress with the implementation of recommendations.

In addition, the department has 12 cases of irregular expenditure. Of these 12 cases:

- 6 cases have been finalised and where consequence management was recommended this has been implemented;
- 3 cases are currently under investigation;
- 3 cases are awaiting investigation.

Further to the above, a team has been established to deal with outstanding cases including irregular expenditure reported on leases.

Importantly, we are working with Provincial Treasury and Office of the Premier to ensure integrity in the workplace. We want our workers to serve our people with dignity and honour and refrain from using their positions for self-interest, fraud and manipulation of tender and procurement processes.

## Skills Development

**Honourable Members**, the skills development of our young people is fundamental to the growth trajectory that we have set ourselves as the province. Only massive production of appropriate skills and ensuring the access to apprenticeship or supervised training, is the way to go.

The Department has four capacity building programmes in place to empower the youth and assist them in finding sustainable employment:

- Internship programme;
- Bursary Programme;
- Work Integrated Learning Programme;
- Schools Programme.

Our professionals in the built environment are providing mentorship to students in a range of fields such as Electrical, Mechanical, and Structural Engineering, Quantity Surveying, Architecture, Property Valuation, and Construction Project Management.

We are spending approximately more than R24, 7 million on bursaries and stipend for interns. To date there more than fifty seven (57) young people have registered as fully fledged professionals.

Through our skills development programme we are proud of the fact that we have many young professionals such as Mr Smiso Mathonsi, Mr Sphephelo Mhingo and many more others who are fully pledged professionals.

The only sad part is that we are seriously dealing with the haemorrhage of talent and skill that we spend our resources nurturing. Provinces, the private sector and other sister departments have identified Public Works as a breeding ground for talent.

In addition, we remain firm behind our programme of ensuring that as Public Works, we play a critical role in strengthening our education system. We want the education system to create a supply of quality science and technology human resources from the school system, for the provincial and national economy.

We are cognisant of the fact that a modern economy demands human resources that are numerically and scientifically literate, technology fluent and skilled at problem solving. In this regard, we will continue to offer bursaries to Grade 11 learners in various high schools across the province especially in rural areas.

### **30 Day-Payment of Service Providers**

The issue of delays in the payment of service rendered will never escape our attention.

This is an issue which was raised sharply in SONA with the President emphasizing that it is in contravention of the PFMA.

The department continues to face pressures relating to the payment of service providers within 30 days. It must be noted that further to processing our own expenditure, the department processes expenditure relating to client departments, and thereafter claims from client departments through the inter-departmental accounts process.

The total amount due from client departments amounted to R594 million at the end of March 2022. The main challenge with regards to cash flow is attributable to delays in settlement of claims.

While the department has seen some improvements in the settlements of claims with most client departments, they are still taking longer than 60 days to settle, which exacerbates the cash flow challenges.

Service providers have also indicated discontent with the department's failure to timeously settle invoices and have indicated that projects will be abandoned and legal action taken against the department should the situation not improve.

This does not only have a major negative impact on the department's service delivery plan, but on the lives of the people of KwaZulu-Natal. The department continues to prioritise this matter and engagements with clients departments with Provincial Treasury continue to resolve the matter speedily.

## Impact of ConCourt judgement

**Honourable Members**, the suspension of all procurement processes from 16 February 2022, hampered service delivery to client departments. This resulted in the advertisements of tenders and bidding processes being put in abeyance thus affecting the rollout of infrastructure; and procurement of goods and services. However, exemption approval was received on 19 April 2022 to proceed with all procurement.

The department has embarked on the following to comply with legislation and improve procurement processes:

- Departmental procurement policy review was undertaken to align with the exemption approval from National Treasury;
- All quotation and bid documents updated and approved to proceed with all procurement processes in earnest;
- Decentralisation of the procurement function to districts, to improve speed and efficiency in the delivery of services in line with National Treasury instruction note, 2 of 2021/22.

We continue to ensure speed around procurement processes as part of efforts to strengthen service delivery. Key to the supply chain management process is the transformation of various sectors of the economy including the built industry.

We remain determined to fast-track the entry of entrepreneurs from previously disadvantaged communities into the entire value chain of the built industry. In this regard, we continue to receive guidance from the Provincial Treasury as the custodian of procurement.

## **PROGRAMME 2: Property Management R1, 070,324 billion (55.11%)**

The purpose of this programme is to provide and facilitate the provision of accommodation and integrated property management services to clients. We do this through planned property life cycle (acquisition, management, maintenance and disposal), optimal utilization of immovable assets, land valuation, maintenance of the Immovable Asset Register, payment of property rates and integrated service delivery.

The programme's budget is disaggregated as follows:

- **Compensation of employees:** R 65,439 million
- **Goods & services:** R 68,821 million
- **Transfers & subsidies:** R 936,021 million
- **Machinery & equipment:** R 0,043 million

## Transformation of the Property Sector

**Madam Speaker**, having participated in the Property Transformation Sector in the Eastern Cape, we remain determined to transform this sector. Significant numbers of South Africans



have never in the history of their families experienced formal property ownership and its wealth creation benefits.

This has had a fundamental impact on the economic potential of South Africa and black people in particular. Despite legislative and policy interventions to eradicate these inequalities, in practice - skewed patterns of ownership, participation and benefit remain.

Black people continue to be significantly under-represented in ownership of property, whilst administrative, legal and financial constraints restrict the ability of black people to participate in the property market.

During the Property Sector Transformation Conference, delegates debated and agreed on the need to repurpose government facilities as generation of revenue for government and creation of sustainable job opportunities for the previously disadvantaged communities.

As part of ensuring that those who were previously disadvantaged benefit, we have established a dedicated Property Transformation Task Team to drive this process.

Members of the Task Team are drawn from government departments such as the Office of the Premier, Economic Development, Tourism and Environmental Affairs as well as Provincial Treasury.

I have mandated the Head of Department to ensure the representation of other stakeholders such as non-governmental organizations, civil society, youth formations, people living with disability, SMMEs, Co-operatives, community property associations, industry bodies and the private sector at large.

We are planning ongoing consultations with all spheres of government – national and municipalities because we want a clear development trajectory for taking our Province to a better future. My message to the Task Team is based on the principle of “One Strategy and Plan for All.”

### **New Office Accommodation – Opportunities for transformation**

**Honourable Members**, by and large, the office accommodation space we require as government presents an opportunity to drive transformation of the sector.

To unlock these opportunities, we need the support of the Honourable Members as Lawmakers.

We need to debate the applicable legislations such as PFMA and National Treasury Regulations.

We also wish to announce that we are dealing with rampant and deliberate lodging of appeals by unsuccessful bidders. In some instances, such appeals are lodged to frustrate the transformation process. This has become prevalent in Pietermaritzburg.

We have those who believe that these opportunities must be given – only to them. They go to Provincial Treasury to lodge appeals because they believe that it them – only them who must access these opportunities.

## **Negotiation and reduction of property rates on the state owned properties;**

**Madam Speaker**, at this stage, we wish to turn our focus to the stabilisation and payment of property rates to municipalities. The Department continues to manage the payment of property rates to the municipalities, with the limited budget available.

It is with appreciation that the Provincial Treasury despite the limited provincial fiscus managed to provide an additional budget of R350 million for the past year, this assisted a great deal in the payment to the Municipalities.

Let me also appreciate the 50% discount for property rates on schools by eThekweni Municipality, this resulted in a saving of R123 million on property rates budget for 2021/2022 financial year, which helped the Department in offsetting the deficit with other municipalities.

The annual budget allocation for property rates remains insufficient. The trend over the past several years is that there is always a shortfall. Regrettably, this is not an occurrence that can be solved by the best of financial planning as property rates are dependent on individual municipalities effecting increases in line with their Municipal Rates Policies. However, the issue is being resolved through a variety of intergovernmental interventions and the intention is to ensure that the issue is avoided going forward.

## **Proper maintenance plan for state owned buildings**

The maintenance of state-owned facilities, still remains a challenge. As part of conducting conditional assessments, the department communicates these findings as well as maintenance plans to the user departments, with an aim of prompting the departments to prioritise maintenance in their infrastructure budget.

## **Conditional assessment**

A total of 150 conditional assessment are planned to be undertaken in this financial year. The approach this year is to work with client departments to prioritize those buildings which are in dire need of maintenance.

These facilities will be assessed and factored into the 2023/24 IPIMP. This approach is likely to result in a reduction of consultant costs as the assessments will be done once prior to implementation. Facilities that are targeted will be the Traditional Admin Centers, transport facilities such as RTI's and facilities for Social Development, as these facilities are frequented by members of the public on a daily basis.

Maintenance and improvements plans for conditional assessments that have been done in 2021/22 are in the process of being communicated to respective departments towards effective budgeting and planning in the outer years.

### **PROGRAMME 3: Provision of Building, Structures & Equipment - R430,881 million (22.18%)**

**Honourable Members**, under this programme, we are focusing on reducing rentals through the construction of state owned infrastructure and maximum use of existing state facilities.

The programme's budget is disaggregated as follows:

- **Compensation of employees:** R 316,600 million
- **Goods & services:** R 97,221 million
- **Transfers & subsidies:** R 1,901 million
- **Buildings and other fixed structures:** R 14,059 million
- **Machinery & equipment:** R 1,100 million

This includes the EPWP Integrated Grant for Provinces of R8, 042 million

### **INFRASTRUCTURE DELIVERY**

**Madam Speaker**, last year we presented a clear plan on the Infrastructure Revolution across the province. We wish to report that the department has completed 390 capital projects across all districts at a combined cost of R 1, 1 billion.

In addition, as part of ensuring sufficient provision of energy in response to loadshedding, the department commissioned 173 out of 207 generators in various public health institutions. We also supplied the Department of Transport's Road Traffic Inspectorates.

In our quest to position the department as an Implementer of Choice, we wish to report that we completed the following projects for Department of Education:

- Drought Borehole Programme – 151 Projects;
- Electrification – 4 Projects;
- Storm Damaged – 23 Projects;
- Water and Sanitation Programme – 100 Projects.

In addition, we completed the following facilities during 2021/22 financial year:

- The Construction of New Schools – 2 (Dundee Junior and KwaMiya Schools)
- The Schools Refurbished – 239
- The Clinics refurbished - 122
- The Hospitals refurbished - 16
- The Buildings and facilities refurbished - 11

**Somlomo**, ukuqinisekisa ukuphepha kwezigodlo zaseNdlunkulu, uMnyango wezemsebenzi yomphakathi ukwazile ukubiyela izigodlo eziyisikhombisa esikhathini esiyizinyanga ezine. Sizibophezele ukuqhubeka nokuvikele isithunzi seNdlunkulu ngoba ingumgogodla wesizwe.

Critically, a total cost of R 104 million has been spent in the maintenance of over 479 government facilities in the province.

Further to the above the department will be completing and handing over amongst others significant capital projects such as:

1. Xoloxolo Primary and Ekucabangeni Senior Primary to Department of Education;
2. Umzimkhulu Service Office under Department of Agriculture;
3. Dundee Laundry Equipment;
4. King Edward Upgrade Nursery;
5. Madadeni Upgrade of Streamline;
6. McCord's Hospital's Sinikithemba and Admin Building;
7. Pharmacy at Catherine Booth Hospital under Department of Health.

**Honourable Members**, in the 2022/2023 financial year, there are 318 projects amounting to R3 billion.

These are under construction over multi financial years. These projects include upgrading of Enyokeni Precinct; building of new office district offices at Ilembe; building a new neonatal facility and renovating existing at Nkonjeni Hospital. We will also be upgrading Dliilanga High and Menzi High School - to mention just a few.

**Madam Speaker**, having said that, we are moving with speed to ensure that we implement infrastructure projects in-house which will reduce the use of consultants.

We are finalizing the setting up of the departmental design office/centre with appropriate modern equipment and software. We are also focusing on ensuring appropriate skilling of young and energetic professionals in the built environment.

**Madam Speaker**, I must hasten to point out that department has reprioritised its infrastructure projects to be implemented based on the allocated baseline budget. However, the budget cuts had a negative impact on the projects that were envisaged to be implemented.

The funding request that is being prepared for the department covers 2022/23 financial year which will ensure the completion of certain projects. The additional budget required is broken down as follows:

	Revised Baseline 2022/23 (R'000)	Additional Budget Required (R'000)	Revised Budget 2022/23 (R'000)
Total New Infrastructure	7 888	23 984	31 872
Total Refurbishment and Rehabilitation	1 671	700	2 371
Total upgrades and additions	4 500	4 689	9 189
Total Maintenance and Repairs	11 500	4 848	16 348
<b>TOTAL DEPARTMENT</b>	<b>25 559</b>	<b>34 221</b>	<b>59 780</b>

The table below is indicative of the infrastructure projects awards made in 2021/22 financial year:

<b>NUMBER OF PROJECTS</b>	<b>1314</b>	
<b>TOTAL VALUE OF AWARDS</b>	<b>R706, 130, 621.83</b>	
<b>Race</b>	<b>Project Value</b>	<b>%</b>
<b>Black Men</b>	R346 774 802,93	49%
<b>Black Women</b>	R257 280 001,97	36%
<b>Indian Men</b>	R44 754 514,88	6%
<b>Indian Women</b>	R45 005 523,31	6%
<b>Coloured Men</b>	R101 733,21	0,01%
<b>Coloured Women</b>	R170 487,50	0,02%
<b>White Men</b>	R11 790 159,85	2%
<b>White Women</b>	R253 398,18	0,04%
<b>Youth</b>	R151 847 896,28	22%
<b>People with disabilities</b>	R521 057,00	0,1%

## Catalytic Projects

**Honourable members of this House**, we want to turn our focus to the issue of catalytic projects. The Provincial Government has clear vision and targets set for 2025, 2030 and 2035. All of that is supported by a range of Catalytic Projects with short term deliverables.

We are very mindful of the fact that paper is patient and that having a strategy is by no means an assurance of success. It is for this reason that we have been at pains to ensure that we focus on measures to translate strategy to very specific interventions.

Several challenges have recently been identified with the catalytic projects program that has necessitated a reflection and adjustment of the management and implementation of this important provincial Programme. The Department of Public Works has undertaken necessary steps to review and overhaul the programme from March 2022, this process is being finalized and will be completed by end June 2022.

Our main focus is to upscale the implementation of key developmental programmes through the introduction of a framework that ensures quarterly progress assessment of all catalytic projects and major government programmes. We will do a dedicated assessment on support provided to potential investors.

## Update on the Provincial Government Precinct

**Honourable Members**, one of the most critical infrastructure project worth mentioning is the establishment of the Provincial Government Precinct. The continually escalating rentals for functionally inadequate office accommodation is not sustainable. The proposed Provincial Precinct seeks to address this by providing sustainable accommodation developed for the needs of the Province.

The Department is focusing its resources on refining the Master Plan to accommodate the approximately 5000 officials. As part of the sustainable solution the Department is working to ensure that the Precinct does not constrain the infrastructure and contribute to the congestion already being experienced and facilitates solutions to improve the challenges in the area.

Utilizing the internal resources, the Preliminary Design Concepts for the Legislature was presented to STACOV in February 2022 and was well received. The development of the Archives has commenced and targeted to be completed May 2022. The concept for the office blocks is targeted for July 2022.

To deal with all statutory requirements the department has appointed a consultant, the process will be finalised by March 2023.

Working with Provincial Treasury, the department has engaged some financial institutions such as Infrastructure South Africa (ISA), AFREXIM Bank and National Treasury to determine the appropriate funding model.

Due to provincial fiscal position, the Department has identified the Build Operate and Transfer (BOT) as suitable funding model.

## KwaZulu-Natal Strategic Infrastructure Development Agency (SIDA)

**Madam Speaker**, we offer to ensure that this financial year, we finish all the processes for the establishment of the Strategic Infrastructure Development Agency of KwaZulu-Natal. As it was previously reported, SIDA is designed to build state capacity to deliver infrastructure.

Entity will assist in driving the transform of the construction sector by fast tracking to entry of emerging entrepreneurs from previously disadvantaged communities.

In preparation for the SIDA launch, the following processes are being finalized by the dedicated SIDA team under the leadership of the SIDA Driver:

- Incorporation of SIDA state owned entity as per the Company's Act;
- Registration with the National Treasury as a PFMA entity;
- Presentation of the SIDA Bill and Memorandum of Incorporation to the provincial structures for approval, and subsequently its submission to Treasury;
- Registration with the CIDB;
- Renovations of the Castle Building in Durban which will become the home of the SIDA.

## Expanded Public Works Programme

**Chairperson and and honourable members**, last year we expressed our determination to repurpose the Expanded Public Works Programme. We remain determined to ensure we shift the mindset and change the practice of using EPWP as by the way employment scheme of people collecting papers and just spending time idling. We cannot continue to do the same thing the same way and expect different results.

We are planning workshops with municipalities in particular to ensure that there is one plan and similar objectives to be achieved. Through a proper co-ordination with municipalities and government departments, we will be focusing on skills acquisition. We want each individual who is part of EPWP to be empowered such that upon exit, they must be capable of sustaining themselves independently using their skills to survive.

In this regard, we are focusing on producing fully fledged artisans and other skills to improve the participant's appeal in the open market. It is the technical skills that will grow the economy of our province and enable us to compete with best in the world. It is very discouraging for young people to exert themselves through EPWP only to end up frustrated without any purpose in life due to inability to get meaningful skills to earn a living.

In the 2021/22, the Province managed to create a total of 147 824 Work Opportunities against a target of 128 699 Work Opportunities. This represents 15% above target.

Whilst Job Creation Initiatives undertaken in the Province have been successfully implemented by all public institutions, training and exit strategies have not been implemented successfully.

We are dealing with instances wherein beneficiaries work for longer periods and in the province we create expectations for permanent employment. These are issues that we are dealing with.

### Mass Job Creation through the Expanded Public Works Programme

For the next two years, KwaZulu-Natal will increase our EPWP targets to 300 000 beneficiaries to respond to the increased urgency of job creation.

**Madam Speaker**, the Executive Council has resolved that each department, with the exception of the front line services departments, will reprioritize within its budget R10million to contribute towards job creation through an intensified EPWP Programme.

It is against this background that the Department of Public Works as the Provincial Coordinator of EPWP will introduce new strategies to ensure that EPWP beneficiaries are given relevant trainings as part of exit strategy that will assist them in sustaining themselves after exiting the Programme.

Whilst increasing the set target, the Department of Public Works as the EPWP Coordinator will again be ensuring that all public bodies are implementing various exit strategies, which will inter alia:

- **Exit opportunity for youth through the War on Leaks Programme** – working with Municipalities the Department shall explore an approach to address the challenge of water leakages through the placement of youth who have already completed the training through

the War on Leaks programme. This must be supported by the development of artisan skills required for the water and sanitation sector through the Centres of specialisation programmes.

- **Furniture Manufacturing Programme** – It has been proven with no doubt that Government is spending more money on furniture procurement. Public Works is at an advance stage of establishment of Furniture Manufacturing Hubs across the Province which will be incorporating a business incubator and shared manufacturing facilities (including facilitation of access to information, markets and finance) and provision of a comprehensive package of business development support services to increase the competitiveness of small furniture manufacturers.
- **Enterprise Development** – Public Works shall explore ways and means in which EPWP Beneficiaries can be assisted in forming small businesses and be introduced to available economic opportunities.
- **Compulsory skills audit assessment** – Public Works shall commission a skills audit to determine the types of skills available and those required within the community, to serve the variant needs that may differ from each community/locale/municipal area.
- **Increasing Labour-Intensity of EPWP Projects-Public** – Public Works shall ensure only a suitably qualified LIC NQF level 7 designers and LIC NQF 5 Contractors are used to undertake works for Public Bodies and designers shall submit labour balancing calculations for all bids submitted for approval.
- **Encourage the Establishment of Local Enterprises in Rural Areas that will Construct Houses that are Manufactured with Local Materials** – The Department of Public Works shall assist EPWP Beneficiaries to form cooperative who will be specializing in different trades and ensure partnership with EDTEA in assist them with available economic opportunities.
- **Procurement of PPE from Local Cooperatives & SMMEs to Stimulate Local Economic Growth** - EDTEA should develop and maintain a database of local cooperatives that can manufacture and supply PPE. This list of cooperatives and SMMEs should be sourced from LED units within Public Bodies, the DDM and other stakeholders such as CIPC, DSBD, and Business Chambers etc.
- **Driver's license for youth beneficiaries:** The Department of Public Works shall ensure that all youth beneficiaries' undertaken learners and driver license lessons.
- **Opportunities in the Waste Economy** - The Waste Management Programme under the Environment and Culture Sector in the EPWP exists. This Programme currently does not involve separation of waste by category, further exacerbating the inability to ensure proper recycling in most Districts. This waste picking initiative should be integrated into the EPWP formally where participants will deal with issues of recycling and waste picking. Furthermore, partnerships with the private sector and state-owned organisations are fundamental. For Municipalities, there is a huge scope for small businesses when it comes to waste management processes. For example, diversion of waste (especially builders'



rubble and organic waste) from landfills has the potential to create numerous environmental, social and economic opportunities for District and Local Municipalities. A lot can also be achieved when it comes to supply of materials for construction of buildings and infrastructure assets.

- **Forming of key partnerships between Public, Private, Higher Education Institutions and State-Owned Entities (SOEs) through Memorandums of Understanding (MOU).** The main outcome of these partnerships will be the continuous supply of relevant skills that are required by the economy of KwaZulu-Natal.

This is over and above the already existing interventions by individual departments. We need to strengthen coordination as we implement this programme to ensure that the risk of corruption or abuse of state resources is contained.

### **Eyesizwe Contractor Development Programme**

**Madam Speaker**, earlier on we spoke about the importance of fast-tracking the entry of those previously disadvantaged into the built environment.

Having finalized the Registration of Eyesizwe Contractor Development Programme (ECDP) Database to CIDB, the Department is now firmly ensuring the targeting of specific projects to CIDB Grade 1 to 6 only.

During the 2022/2023, we will ensure that work allocated to contractors through Eyesizwe Contractor Development Programme include: Fencing; Water and Sanitation; Early Childhood Development Centres; Schools storm damage; Maintenance; Repairs and Renovations; Electrification; Upgrades and Additions.

### **Re-Purposing of government facilities**

**Honourable Members**, when we presented our Budget Vote last year we committed ourselves to ensure that we hand over some of our under-utilized buildings to drive socio-economic development.

The department has embarked on a process of identifying all under/unutilized facilities and land to be used for revenue collection and job creation. The aim is to repurpose the state properties to attract investors, generate revenue and also creation of sustainable job opportunities in the province to contribute in the reduction of unemployment.

Once the land and facilities have been identified the following process will be followed:

- Preparation of land including bulk infrastructure working with municipalities
- Forge proper partnerships to assist historically disadvantaged individuals
- Tap into oceans economy on state land along the coast
- Repurposing of state properties will also reduce payment of property rates burden to the state and maintenance budget

This will require extensive engagement and memorandum of agreements with municipalities especially on bulk infrastructure

**Madam Speaker**, the Department of Public Works is in the process of repurposing and reengineering the mandate to:

- Incorporate an element of revenue generation through leasing of state properties;
- Create sustainable job opportunities through commercialisation of unutilised state properties;
- Attract investors to develop state properties for economic development and job creation.

It is with a deep sense of pride that as promised, we handed over a property worth R1, 4 million to a community organization called Zamani Disabled People's Organization. This organization is based in eSikhaleni. We are determined to create an enabling environment to ensure that people with disabilities have access to economic opportunities.

## CONCLUSION

As we draw towards conclusion, I wish to state that as an Executive Authority, I commit myself to ensure that together with senior management, we build a team of motivated cadres, willing to work very hard together to improve the lives of all our people.

We extend our hand to work with every person in KwaZulu-Natal who appreciates that Government cannot do everything – we must work together to build our future. We wish to thank the ordinary members of community and leaders of society for the support.

As we pledge to work tirelessly to improve the lives of our people and build a better future together, we undertake to ensure that the struggles of the freedom fighters were not in vain.

To the Members of this House we are eternally indebted to you for always giving us support.

A special word of gratitude goes to the Premier Sihle Zikalala, Members of the Executive Council and their Heads of Department for the work they have done planning for the year ahead and their support since we assumed office.

I thank the Acting HoD, Mr SP Majola, senior management and all categories of staff at head office, districts and regions for the renewed commitment to serve with efficiency and speed.

Equally, I want to pay tribute to my organization, the African National Congress for giving me the opportunity to serve the people of KwaZulu-Natal.

I am indebted to my wife, my kids, my family, extended families, neighbours and all the people of KwaZulu-Natal in particular the people of Nquthu.

I present for Budget Vote 14 about **R1, 942, 297 billion** for consideration and approval by the Honorable Members of this House.

I thank you