

public works

Department:
Public Works
PROVINCE OF KWAZULU-NATAL



Honourable RR Pillay, MPL
MEC: Human Settlements and Public Works

BUDGET SPECH VOTE 14



BUDGET SPEECH 2018/19

Vote 14: KwaZulu-Natal Department of Public Works

Address to the Provincial Legislature by the Honourable Mr Ravigasen Ranganathan Pillay MPL, Member of the Executive Council, KwaZulu-Natal

11 May 2018

Honourable Speaker

Honourable Members

Mayors, Speakers, Chief Whips and Councillors

Members of the diplomatic community

The Acting Head of Department and officials present

Community, religious, business and academic leaders

Representatives of professional bodies and government institutions

Veterans of the liberation struggle

Members of the media

Distinguished guests

Comrades and friends

1. INTRODUCTION

1.1 Optimism, hope, efficiency and effectiveness

Fresh hope and optimism infects our national psyche. Belief is a powerful energy. Optimism is a force that carries us forward.

Budgets however have a tempering effect—concentrating our minds and sharpening our responses. Budgets compel us to work within available resources with the added responsibility to work more efficiently, more effectively and demonstrate impact in changing the lives of our people.

All our work as government is context specific. The Fourth Industrial Revolution is upon us. The wisdom emerging from the World Economic Forum (WEF) is that South Africa has to make the leap out of a (relatively) low-wage, low growth country if we are to compete effectively at a global level. Both infrastructure development and technology are key to making the shift to the "winning end" of change.

In his State of the Nation address, President Cyril Ramaphosa said, "Our prosperity as a nation depends on our ability to take full advantage of rapid technological change. This means that we urgently need to develop our capabilities in the areas of science, technology and innovation."

Dr. Klaus Schwab, founder and executive chairperson of the WEF takes the view that, "We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before. We do not yet know just how it will unfold, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society."

Our struggle for freedom has demonstrated that we have the capacity to work together, to harness our mutual talents. The current context demands that we now think and act in a manner that internalises the objectives of the Fourth Industrial Revolution. I am confident that we have the leadership in government, business and civil society to channel us in that direction.

A fresh vote of confidence in our new dawn has come from a recent Harvard University Center for International Development report, which predicts that South Africa will sustain economic growth of 4.91% for the next 8 years until 2026. This is far more optimistic than our own statistical projections and ahead of the

International Monetary Fund (IMF) prediction of 1.5% growth in 2018 and 1.7% next year. It also exceeds the World Bank projection of 1.4% for this year. They are likely reading optimistic outcomes from President Ramaphosa's intention to recruit USD100 bn in foreign direct investment over the next five years.



President Cyril Ramaphosa on a site visit to Expanded Public Works Projects (EPWP) in Inanda

Twenty-four years into our democracy, we celebrate our successes but we are alert to the challenges that remain and the challenges that are growing.

We are a nation born out of struggle. Occasions such as this enable us to locate our work as government within a keen understanding of the long road to South African freedom, building our country and uniting our people.

We celebrate this year the centenary of the births of Madiba and Mam' Albertina Sisulu – giants of our struggle who had the good fortune to see freedom in their lifetimes.

In the spirit of internationalism, we also recognise the birth centenary of the Guyanese freedom fighter, Cheddi Jagan, Order of the Companions of Oliver Tambo in Gold. We extend our greetings and solidarity with the government and people of Guyana.

This year would also have been the 95th birthday of Cde Moses Mabhida, the stalwart who hails from the very region that houses this Legislature. It would also have been the 90th birthday of Mam' Kate Molale, one of the leading militants of the 1955 Congress of the People at Kliptown. She travelled up and down the country gathering the people's demands, which were incorporated in the Freedom Charter.

Fifty years ago the South African Students Organisation (SASO) was formed. We recognise the courageous leadership of Steve Biko and other comrades, and their profound influence in radicalising student activism at a critical historical juncture in which many of us spent our formative years.

We remember Professor Rick Turner who fell at the hands of faceless apartheid assassins on 8 January 1978. We remember also the Pan Africanist leader Robert Sobukwe whose demise forty years ago robbed us of yet another great revolutionary.

One hundred and twenty five years ago this year MK Gandhi was thrown off a train in Pietermaritzburg sparking the strategy of Satyagraha and non-violent resistance to racial and economic oppression in both South Africa and his native India.

This history is instructive. Generations to come will look at us in this chamber and in this government and interrogate our performance in changing the lives of our people. Let us not linger. Let us each commit to lending a hand to moving our country forward.

1.2 Radical Socio-Economic Transformation

Our marching orders, ideologically conceived as radical socio-economic transformation was re-confirmed in the resolutions of the 54th Conference of the African National Congress and in the State of the Nation and Province addresses.

Public Works is a key terrain for radical economic transformation. The Department's vision is, "An inclusive economy through sustainable infrastructure development and property management".

We restructured to be a capable implementing agent of choice for the client departments requiring building infrastructure services and property management such as office accommodation.

In summary, the following core business functions are in line with the outcomes based strategic goals and objectives in the Department's 5-year strategic plan (2015-2020):

- The acquisition of public buildings and land;
- The construction of public buildings, involving the physical erection or major improvements in respect of infrastructure in the building environment;
- The maintenance of public buildings and land, including performing the necessary work to keep the required level of operation and the payment of property rates; and
- The alienation of public buildings and land, including the disposal of fixed assets by selling, demolition, exchanging and donation.



The Mandla Mthethwa School of Excellence at Ndumo is part of the Inkululeko Development Project. The school enrolled its first intake of Grade 8 learners and boarders in January 2018.

2. PROGRAMME ONE: ADMINISTRATION R406 788 000

This programme caters for inter alia strategic leadership and management support to the political principal; building a positive institutional culture; rendering Human Resource support and advice; legal support; security and logistics; communications; Information Technology; financial and risk management services.

2.1 Organisational Structure

The Department conducted an in-depth analysis of the existing organisational structure. Gaps were identified and a proposal was sent to the Honourable Minister for the Department of Public Service and Administration who has since granted concurrence.

The new structure provides for dedicated units (directorates) for each client i.e. Department of Health, Education and other clients in order to align to the requirements of the KwaZulu-Natal Infrastructure Delivery Management System (IDMS). A provision has also been made in the new structure for a directorate to deal with issues relating to Youth and Women Empowerment.

2.2 Employment Equity

The following is our staffing profile:

• Current staff complement = 1 689 (permanent 1 597 + 92 additional

to establishment)

• Females at SMS level = 11 officials i.e. 39% against target of 50%

People with disabilities = 27 officials i.e. 1.6% against target of 2%

This lag in our equity profile especially with regard to women and people with disabilities is of considerable concern. It will take concerted effort in the year ahead to bring it to appropriate levels.

Nature of disabilities:

Blind or visual impairment = 07
Mobility = 10
Coordination or dexterity = 01
Deaf or hard of hearing = 03
Other disability = 06



An active employee health and wellness programme and scheduled sporting programmes serve to enhance morale and productivity

2.3 Compensation of Employees

As at 31 March 2018, the Department had spent R581 342 000 in employee compensation accounting for 94.42% of the budget allocated for this purpose.

2.4 Good Corporate Governance

The Honourable Premier has consistently and ably articulated our provincial government's commitment to good governance. Public Works again obtained an unqualified audit opinion for the 2016/2017 financial year. The Auditor-General made no material findings on the usefulness and reliability of the reported performance information.

We are optimistic about the audit outcomes for the 2017/2018 financial year. Subject to final audit, we believe that we would have spent almost 100% of our budget.

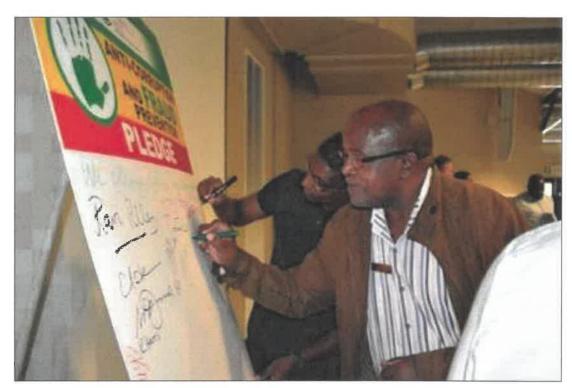
2.5 Risk Management

The Department's Risk Management Strategy concentrates on fraud prevention, detection, investigation and resolution of allegations of fraud and corruption.

In carrying the message of the Office of the Premier's "I Do Right" campaign to all corners of the Province, we have linked this to the National Development Plan's directive of creating a "capable state" with skilled public servants of the highest integrity. This campaign encourages the public to keep a watchful eye on public funds and service delivery, and not hesitate to report transgressions.

The Department also rolled out a Fraud Prevention Policy that was conceived as part of the Premier's "I Do Right" campaign. This is a definitive political statement initially presented to all directors and deputy directors followed by regional launches to elicit the buy-in of staff at all levels.

The launch attracted significant attention in the print and broadcast media. It was important to let the public know about the policy as government is frequently the target of fraudsters who draw unwitting members of the public into fraudulent schemes.



Staff signed an anti-corruption and fraud prevention pledge as part of the Province-wide rollout of the Department's Fraud Prevention Policy

In respect of maintaining a tight rein on internal discipline and compliance, thirty-three cases were finalised in 2017/2018 detailed as follows:

- 14 Non-compliance with procedures (Expenditure)
- 1 Official suspected of not graduating from University as stated
- 7 Non-compliance with prescripts (SCM)
- 1 Internal Audit Report 2015/2016 Risk Control Assessment -Using one supplier for all its services and maintenance jobs
- 1 (Whistle Blower call) Complainant alleges that the local suppliers are being side-lined or overlooked in tenders at local hospitals
- 1 Non-payment for salary/allowance for the last 2 years
- · 1 Alleged stolen fuel card
- 1 Alleged fraudulent use of official's signature
- 1 Non-compliance with procedures with policy and SOPS
- 1 Non-compliance with prescripts (Property Management)
- 1 Application to do extra work outside Public Service
- 1 Non-disclosure -business interests disclosed on the financial disclosure
- 1 Report affecting Amajuba District officials
- 1 Investigation of Suppliers in service of the state identified by AG for 2016/17 (CAATS)

During the 2017/2018 financial year, information was also obtained that ten state provincial properties had been illegally transferred to private individuals or entities, mainly during March 2017.

The properties were vacant sites situated in Ethekwini (across the areas of La Lucia, Pinetown and Ashley) and ranged in size from 1162m² to 3.39 hectares. The Department acted swiftly in instituting legal action to reclaim possession of the properties.

To date, the Department has been successful in obtaining interdicts in all the matters brought before the court, thus preventing the other parties from dealing with the properties in any manner, pending the outcome of the legal action.

The Department has also been successful in obtaining an order by consent from one of the "owners", who has agreed to have the property transferred back into the name of the Province. The conveyancing process is currently underway.

A criminal case has also been opened with the SAPS Commercial Crimes Unit and the investigations are underway.

As a risk-mitigating measure, the Department also engaged with the KZN Law Society and the National and Provincial Deeds Offices, in order to alert them to these illegal transactions. This resulted in the Law Society issuing a circular to attorneys, notifying them of the fraudulent transfers and requesting them to make enquiries with the Department before attending to any transactions involving the disposal of provincial state land. The Law Society is taking action against one of the conveyancers implicated in these transfers.

2.6 Advancing Radical Socio-Economic Transformation in Procurement

The Department will continue to develop and implement procurement plans to give effect to policy provisions and the new Treasury regulations in advancing radical socio-economic transformation.

The Preferential Procurement Policy Framework Act (PPPFA) regulations came into effect on 1 April 2017. These regulations significantly increase the legal space for our radical socio-economic transformation programme. They inter alia provide for the following:

- Increasing the threshold for application of the 80/20 rule from R1m to R 50m;
- Targeted procurement even on a geographical basis (set asides);
- Authorising the state to negotiate with a successful tenderer to reduce prices to benchmark levels and if negotiations are unsuccessful, to decline the tender; and.
- Entrenches the requirement of 30% local sub-contracting.

We must however acknowledge that our capacity to fully realise the political import of the Treasury regulations is not yet sufficiently developed. Progress in this regard will be tabled before the Portfolio Committee.

It is imperative that transformation be managed in a rational and disciplined manner within the parameters of policy and the law. The engagement between the MEC for Economic Development, Tourism and Environmental Affairs and various parties with an interest in infrastructure procurement in particular is instructive. The provincial executive council was appraised of these deliberations and a plan is in place for future engagements.

We are encouraged by, for example, eThekwini Municipality's proactive interventions in promoting constructive business forums. As government, we have been

unequivocal in condemning disruptions of both public and private sector projects. Contestation on the form and content of radical socio-economic transformation is perfectly legitimate. Government has however unambiguously drawn the line at illegal and frequently, violent disruptions of projects.

Interventions like the Eyesizwe Contractor Development Programme (ECDP) have created a platform for historically marginalised sections of our communities notably women and youth to benefit from built environment contracts and thereby enable us to effect sustainable transformation.

We are pleased to report a progressively increased allocation for this programme from R121m to R353m and a projected R500m. However, we could only achieve R199m in the last financial year due to budget constraints in client departments. We must caution that our projections are always conditional upon client departments honouring their commitments. I will return to a more detailed discussion of this programme.



The state-of-the-art Public Works Conference Centre in eThekwini region is heavily booked throughout the year by government departments and has effected significant savings in hire charges

Major projects for 2018/19 include capital infrastructure projects such as the Mayville Conference Centre renovations, the new iLembe district office, upgrading of the Eshowe district office and the implementation of GIAMA projects, including condition assessments conducted on state-owned buildings, property valuations, clearing of vacant sites, and provision of security services in respect of unutilised buildings.

We are extending our radical transformation initiatives in not only our core areas, but also to administration. In terms of legal counsel appointed by the State Attorney on our current active litigation and arbitration matters, 56% of these instructions are being attended to by Black African advocates. In addition, the matters handled by these counsel range from complex construction litigation, to labour matters, to land legal litigation disputes such as expropriation, rental disputes and illegal transfers.

In this way, we are ensuring that the Black African advocates are briefed in quality and specialised litigation. We also insist that if Black African Senior Counsel cannot be appointed due to lack of availability, Black African junior counsel, particularly women, are appointed to assist the appointed SC.

Two areas in which we are grappling to make sufficient progress are with Professional Service Providers (PSP) and leases. We are however confident that the new regulations have opened spaces for a targeted approach that will see these demographics changing significantly going forward.

2.7 Transparency with Tender Information

The Department routinely publishes the details of tender awards even when it is not obliged to do so. This information is published on the CIDB website, Isolezwe, Mercury, Ilanga, Government Gazette and the Departmental Noticeboards. Deviations are processed through bid committees and approved by the Accounting Officer. These are reported to Provincial Treasury and the Auditor-General.

2.8 Cost Containment and Value for Money

The Department remains alert to the strictures placed on government spending and has made every conceivable effort to comply fully with the directives from Treasury. This is demonstrated among others through a moratorium on non-critical new appointments and having in place a programme to use existing capacity more effectively.

Cost containment also includes obtaining fair value for funds expended. Is there legitimate grounds to the suspicion that the state pays more for the same service than the private sector? Does government have an over-reliance on consultants? In the case of the Premier's official residence, Parkside, we interrogated questions such as over-designing, excessive specifications and as a result, over-costing. The Premier commissioned a separate investigation into that matter. It is imperative that government infrastructure spending is based on local and international benchmarks so that we can be fully accountable at all levels.

2.9 Bursary and Internship Programme

Human capacity development is necessary for both realising our mandate as implementing agent of choice and the imperative of us having a stake in the transformation of the demographic profile of the built environment professions albeit a small one.

The internship programme has produced 25 young professionals since 2012. All of them were awarded bursaries by the Department, and upon graduation were appointed as interns. A small proportion is for postgraduate study up to Masters level. They go on to register as candidate professionals with the statutory councils that govern each of the built environment professions and following mentorship for 3-5 years, register with the council as professionals.

Currently the Department has 30 candidate professionals made up as follows:

- Mechanical Engineering = 3
- Electrical Engineering = 5
- Civil Engineering = 3
- Construction Project Management = 6
- Property Valuation = 1
- Architecture = 6
- Quantity Surveying = 6

The bursary programme has produced 38 graduates since 2012, and awarded 79 bursaries. Currently the Department has 41 students made up as follows:

- Mechanical Engineering = 6
- Electrical Engineering = 7
- Civil Engineering = 13
- Construction Project Management = 2
- Architecture = 12
- Quantity Surveying = 1

A new dynamic to apply our minds to is what impact free higher education for the poor will have on our bursary programme. Should we now be thinking more creatively about how we use the bursary programme resources as a tool for the targeted development of built environment professionals and our massification imperatives? My concern here is also that we have made very little inroads into opening our doors to university of technology and FET qualification holders.

With the new economic optimism in our country, we do need to be geared up with the necessary human capital. Not a moment can be lost in that regard. We are also encouraged by Minister of Higher Education and Training, Honourable Naledi Pandor's launch of the Centres of Specialisation Artisan Programme. Artisanal skills are critical in infrastructure development.



Princess Phumzile Combined Primary at Unit D- ULundi

3. PROGRAMME TWO: IMMOVABLE ASSET MANAGEMENT R 683 593 000

Honourable Chairperson, this programme is responsible for the provision of accommodation and integrated property management services to clients through planned property life cycle (acquisition, maintenance and disposal), optimal utilisation of immovable assets, land valuation, maintenance of the immovable asset register and payment of property rates as well as the leasing of buildings.

Within the Immovable Asset Management branch there are two Sub-Programmes namely, Provincial Information and Property Development, and Acquisition and Disposals.

3.1 Immovable Asset Register

The Department continues to enhance the Immovable Asset Register to comply with National Treasury requirements. The Department manages a total portfolio of 13094 immovable assets with an approximate value of R17.5 bn.

Over and above this, the Department maintains a record of 8,840 immovable assets for the KwaZulu-Natal Department of Human Settlements. The issue of public service infrastructure under the Department of Transport is currently in dispute.

The table below reflects various categories of assets recorded on the Asset Register:

No	Facility Type	Total Number of Facilities
1	Educational facilities (Schools, technical schools, section 14 schools, teacher's centres, sports fields)	7820
2	Provincial health care facilities (Hospitals, clinics and other health care centres)	856
3	Residential Accommodation	2154
4	Provincial offices accommodation	944
5	Vacant land, including road reserves	674
6	Nature Reserves	177
7	Royal Palaces	9
8	Transport facilities (Roads, RTI Centres, Weighbridges)	460
Total		13094

3.2 Land Audit

The audit of land remains a critical and complicated process. The Department of Land Reform and Rural Development (DLRRD) conducted its first land audit on state land in September 2013 and a subsequent audit of private land ownership. While both audits have raised questions of accuracy, there is no dispute about the general pattern of ownership. While the major responsibility on the land question may lie with other national and provincial departments, we believe that we have a responsibility to make our contribution to the achievement of the overall objective. We intend in the forthcoming year to develop a disaggregated land type template and set targets for ourselves for land acquisition in anticipation of a new legal framework.

3.3 Property Rates

In 2017/2018, the Department received invoices amounting to R703m against the annual budget of R562m. Provincial Treasury allocated an additional budget of R30 million, which was utilised. At the beginning of March 2018, the Department re-prioritized R25.7m from departmental savings to assist in reducing spending pressures for property rates.

As at 31 March 2018, invoices amounting to approximately R75m were still required for rates payments for the 2017/2018 financial year. Local municipalities were formally advised that the balance would be paid before 30 June 2018. The payment plan was also communicated to Provincial Treasury, National Department of Public Works and National Treasury.

R5.5m from the property rates expenditure goes towards the payment of property rates of 44 State Domestic Facilities that are located on Ingonyama Trust land.

In terms of Section 74 of the Local Government Municipality Systems Act, 2000, in each financial year Municipalities develop and adopt Tariff Policy wherein the new tariffs per category of property such as (Business & Commercial, State-Owned, Public Service Infrastructure, Education, Health etc.) is determined. Market value times the tariff informs the amount of property rates payable. Generally, the municipalities increase the rating tariff between 5 and 10%.

3.4 Property Valuations

The valuation of government properties remains critical and the Department conducts valuations for the Immovable Asset Register in compliance with the National Treasury Immovable Asset Sector Guide on Accounting and Reporting for Immovable Assets. The valuations are done in-house and are only outsourced for an independent valuation on acquisition, letting, disposal and expropriation of properties.

The Department has analysed four new valuation rolls for eMadlangeni, Nquthu, Greater Kokstad and uMzimkhulu municipalities. An objection to the Nquthu valuation roll was lodged as the property values were deemed excessive. This was done in terms of Section 49, 50 and 78 of the Municipality Property Rates Act, 06 of 2004, as amended.



A significant heritage property, Pietermaritzburg Old Boys School was renovated by Public Works as office accommodation for the Department of Education

3.5 Finalisation of transfer of R293 properties

The transfer of R293 properties remains one of the focal areas for the registration of State Domestic Facilities (SDFs) in proclaimed townships into the name of the KZN Provincial Government.

Over the years, the Department managed to take transfer of 890 SDFs in proclaimed townships from the following municipalities:

Municipality	Total
Ulundi	682
eThekwini	113
Alfred Duma	35
Ray Nkonyeni	16
uMlalazi	44

In 2017/2018, the Department finalised the registration of properties from Abaqulusi and iNkosi Langalibalele local municipalities.

Municipality	Total
Abaqulusi	18
iNkosi Langalibalele	13

This being a multi-year programme, in 2018/2019 the Department plans to finalise the transfers of 42 properties from the following municipalities:

Municipality	Total
uMhlathuze	27
eNdumeni	5
Nkandla	8
Big Five Hlabisa	2

3.6 Leases

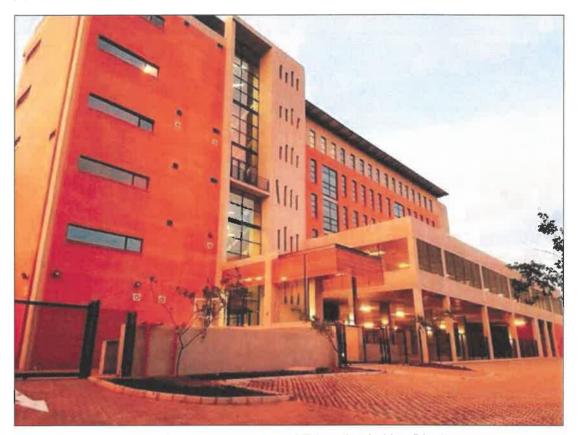
The expenditure on leases for the 2017–2018 financial year was R395 012 698.

Despite there being an improvement over the last few years of Black African ownership (from 8 to 15%), much still needs to be done to transform the property landscape in KZN.

		Gender	der				
Race group	Female and Value	Male and Value	Female and Male and Value	Other and Value	Total number of leases per race group	Value	%
Black	1 R 11 352 510,92	14 R 95 913 722,68	- liu	- liu	15	R107 266 233,60	%8
Black, White	' ii	1 R7 575 931,46	3 R109 548 156,48	- iii	4	R128 124 087,94	8%
Black, White, Asian	- nil	1 R 3 951 761,88	13 R 114 817 651,90	- Tiu	14	R107 867 128	%6
White	5 R893 672,05	33 R119 868 086,10	6 R34 611 620,62	- iju	44	R155 373 378,77	11%
Asian	4 R16 182 594,60	75 R559 098 807,06	14 R68 564 508,75	- iii	693	R643 845 910,41	46%
Asian, White	nil .	1 R 215 078 986,09	ı III	, ig	-	R 215 078 986,09	16%
Other (NGOs, Municipalities, FETs)	- liu	nii	- liu	35 R27 715 226,59	35	R27 715 226,59	2%
TOTAL						R 1 385 173 237,18	

We are hopeful that the new procurement regulations promulgated on 1 April 2017 will provide a tool to radically change these patterns.

The Department also has an approved disposal strategy in place, which is aimed at making land or buildings available in line with PPPFA Regulations for longer lease periods and at favourable rentals to advance radical socio-economic transformation.



Offices for the Department of Education in Ugu District

3.7 Small Town Development

In order to develop under-resourced areas the Department seeks to establish office precincts in such areas. This is to ensure that government services are decentralised and easily accessible. It also aims to ensure that the office environment is conducive to effective service delivery and that all communities receive such services in a dignified manner.

The areas identified for the development of government office parks was a joint exercise with CoGTA. Ixopo, Mkuze, Port Shepstone and Dundee have been targeted for pilot projects. The reason for selecting such areas is due to the scarcity of suitable buildings.

3.8 Utilisation of Vacant Land and Buildings

Over the last five years, the following sites have been utilised as follows:

- Thirteen vacant stand-alone buildings have been reallocated to other Provincial Users for refurbishment and use as office accommodation as opposed to hiring private buildings
- Three strategically located vacant sites in extent totalling 12ha reallocated to the Department of Human Settlements for human settlement development purposes
- Eight state owned buildings leased out to SASSA, Ingonyama Trust Board and the Royal Household as office accommodation as opposed to them hiring from private owners
- Eleven properties donated to the Ethekwini Municipality for human settlement development purposes
- Three nursing residences situated within the government hospital facilities leased to the University of KwaZulu-Natal for refurbishment and use as accommodation for student nurses and to accommodate other medical interns as the Department is currently hiring residential accommodation for such categories of scarce skills
- Five properties donated to the UMgungundlovu TVET College for construction of a new TVET College in Merrivale, Howick
- One property donated to Action Autism, an NGO, for use as offices and education facilities
- Three land claims totalling approximately 4143 ha were finalised

3.9 Expropriation

The Department has successfully finalised the following expropriations:

Erf 500 Esikhawini, which is the Ongoye service office for the Department of Social Development. It was expropriated from United National Breweries SA (Pty) Ltd. The property was valued at R800 000, however the compensation is disputed. The property has since been registered in the name of the Province of KZN.

St Mary's Hospital in Mariannhill, Pinetown, in extent of 10ha. The negotiations with the owners, the Missionary Sisters of the Precious Blood was finalised amicably and the compensation agreed and approved at R142m which will be paid over a 3-year period.



Staff residences at King Edward VIII Hospital in eThekwini

3.10 Operation Bring Back (OBB)

Operation Bring Back (OBB) is an initiative by the National Department of Public Works which is aimed recovering state owned properties which might have been misappropriated. The Department is currently in the process of recovering those properties as detailed earlier.

4. PROGRAMME THREE: INFRASTRUCTURE, MAINTENANCE AND TECHNICAL SUPPORT R497 551 000

Honourable Members, the larger part of our attention is devoted to this programme responsible for the construction of buildings, structures and engineering works and the maintenance of buildings to client specifications.

The core services are:

- · Improving integrated service delivery in the provision of buildings and structures
- Creating jobs through the Expanded Public Works Programme (EPWP)
- · Creating an enabling environment for affirmable business enterprises
- · Initiating and co-ordinating strategic partnerships
- Co-ordinating and aligning operational activities in line with municipal demarcations

4.1 Provincial Infrastructure Master Plan (PIMP)

The institutional framework is beginning to yield results. In addition, a capital development framework model has been developed and will be piloted with strategic infrastructure stakeholders to align infrastructure development with the provincial goals. The capital development framework is being augmented to align with the revised Provincial Spatial Development Framework.

4.2 Public Works Mayville Conference Centre and Dining Facility

The Department received once-off additional funding for the Mayville Conference Centre in 2017/18 for sound proofing the main facility, and conversion of an existing building on the premises into a dining facility.

Since the Conference Centre is used by all departments, an improved facility will enable the Province to effect further savings on rental and hiring of venues and conference facilities. When measured against market related venue charges, we estimate that government saved approximately R5.6m in the 2017/18 financial year by using the conference facility.

Frequency of booking ranges from seven days in January to 24 days in March with an average of 20 days across the year.



Provincial Executive Council site inspection at Ndumo Library

4.3 Expanded Public Works Programme

EPWP is a nationwide programme that aims to provide unemployed people with work opportunities and training to enhance their capacity to earn an income. The Department had set an annual target of 6 000 work opportunities and 600 full-time equivalents (FTE's) for the 2017/18 financial year. As at end of Quarter 4, a total of 6 134 work opportunities and 830 FTEs were realised against these targets. Of the 6 134 work opportunities achieved, 5 244 were youth, 4 090 were women and 31 people with disabilities.

4.4 EPWP Schools Maintenance Programme

The schools maintenance programme commenced in August 2017. It is aimed at assisting poor, no fee schools with basic maintenance of school grounds and buildings to ensure that our children are able to learn in conducive and clean environments.

This is done through the deployment of beneficiaries at more than 3 000 schools in the Province. They are recruited through the Operation Sukuma Sakhe (OSS) structures and assigned to schools that have been identified by the Department of Education (DoE). The programme is jointly implemented by the Department and Wildlands Trust.

The activities of the programme include basic technical maintenance of the schools and repairs to school infrastructure, door locks, painting, repairs to roof leakages, repairs to broken windows, school yard maintenance (grass cutting, gardening, etc.), cleaning of classrooms and offices, vegetable gardens, recycling, tree propagating, tree planting and attending training sessions, as well as waste collection and community development services.

Just over 4000 participants were employed across ten districts in the Province. A further 160 learners receiving accredited training in plant production for a duration of two months.



EPWP has made a valuable intervention in not just job creation but has also instilled a strong sense of discipline and patriotism in our youth.

4.5 Youth Environmental Service

R 6.588 million was allocated for the implementation of Youth Environmental Services (YES) at UGu District, under uMdoni and Umzumbe local municipalities in the 2017/18 financial year.

The aim of the programme is to engage young people in a National Youth Services programme that will instil a sense of pride and community through training and service delivery within their communities.

In this regard, 160 learners were recruited from 20 deprived wards within uMdoni and Umzumbe Local Municipalities, through OSS. All recruited beneficiaries received protective clothing, and tools were distributed in all training venues. JoJo tanks were procured and kept in the Vulamehlo Local Municipality premises to be distributed to the wards identified, where garden activities take place.

During the practical training, the beneficiaries established thirty-three community vegetable gardens in Umzumbe and uMdoni Local Municipalities.

4.6 Izandla Ziyagezana Land Clearing

This intervention is aimed at ensuring sustainable work opportunities thus contributing positively to the lives of local poor communities. It reports under Programme Two. The employment of the above including beneficiaries with disabilities ensures that they are brought into the mainstream. During the Kamoso Awards hosted by the Department in October 2017, Izandla Ziyagezana won an award for the best programme in the Environment and Culture sector. To date, the Department has created 508 work opportunities of which 388 are women, 228 youth and seven people with disabilities.

4.7 Department of Public Works EPWP Targets for 2018/2019

In the 2018/19 the Department is set to create 6 000 work opportunities and 600 full – time equivalents. The programmes to be implemented in 2018/19 are Izandla Ziyagezana with 470 work opportunities and the Maintenance Programme with 5 530 work opportunities, which will equate to 6000.

4.8 Youth Environmental Services Programme

Due to budget constraints, the YES programme will not be implemented in the 2018/19 financial year. However, the Department will implement a Maintenance Programme within schools as part of maximising job creation.

4.9 EPWP Maintenance Programme for 2018/19

The EPWP Maintenance Programme will be implemented across 11 District Municipalities in partnership with Wildlands Trust as part of the KZN Integrated Greening Programme extension. The target for the 2018/2019 financial year is 5 530 beneficiaries. The programme will be implemented for five months from May 2018 ending in September 2018. Additional funding will come from the Wildlands Trust.

4.10 EPWP Provincial Co-ordination and Monitoring

The Department continues with the provincial co-ordination and monitoring of the EPWP. The main objectives are as follows:

To ensure that the provincial co-ordination and support function is extended to Departments and Municipalities within KZN in order to achieve the provincial EPWP work opportunities targets. (During the 2017/2018 financial year, the Department had a target of ensuring that 68 public bodies report in the EPWP reporting system. This was achieved. The public bodies included 54 Municipalities and 12 Provincial Departments and 2 national Departments, namely, National Department of Public Works and the National Department of Co-operative Governance.)

To provide support to the Provincial Departments and municipalities in ensuring that they achieve their targets.

4.11 EPWP Provincial Performance - 2017/18

A total of 217 843 work opportunities and 100 454 FTE's were created in the Province by Provincial Departments, Municipalities and two national departments against a nationally set target of 181 118 work opportunities and 66 400 FTEs in the 2017/18 financial year.

Provincial Performance					
Sector	2017/18 Targeted Work Opportunities	Achieved Work Opportunities	2017/18 Targeted FTEs	Achieved Full-Time Equivalents	
Environment and Culture	34 153	25 218	10 642	9 043	
Infrastructure	116 712	102 134	38 058	38 402	
Social	30 253	39 449	17 700	29 447	
Total	181 118	166 801 (92%)	66 400	76 892 (116%)	
Performance by National Departments					
Non-State (CWP)		28 794	Targets are	13 508	
Non-State (NGOs)	Targets are set	9 832		4 196	
Infrastructure, EAC and Social Sectors	Nationally	12 416	set Nationally	5 138	
Total		51 042		23 562	
Overall Performance	181 118	217 843 (120%)	62 625	100 454 (160%)	

The Department now has a new Annual Performance Plan (APP) indicator on the creation, reporting and monitoring of all work opportunities created by the Province (inclusive of Municipalities, Provincial Departments and Non-Profit Organisations).

There is now an additional responsibility to ensure that all work opportunities reported are verified and validated manually. If any of the public bodies fail an EPWP audit, findings against such a public body will be generalised to all public bodies and this carries the risk of the total population of EPWP work opportunities reported being nullified. This therefore requires additional staffing capacity.

4.12 2017/2018 EPWP Grant Expenditure

R 6, 588 million was allocated and transferred to Public Works in the 2017/18 financial year. The full amount was spent.

R 191, 354m was allocated and transeferred to KZN municipalities in the 2017/2018 financial year. R 173, 273m was spent up to the end of March 2018 equating to 91% expenditure. Municipalities have until 30 June 2018 to spend the EPWP Integrated Grant allocated to their organization.

The Provincial Integrated Grant applies to the Infrastructure and Environmental Programmes. In the 2017/18 financial year, Provincial Departments were allocated an EPWP Integrated Grant of R 78, 211m. An amount of R 75, 899m was spent equating to 97% expenditure against the allocation.

4.13 Plan to optimise job creation through EPWP in the Province

A Provincial Strategy for Maximizing Job Creation through EPWP was developed. This is a response to the resolutions of the Provincial Government lekgotla to intensify job creation through labour intensive methods.

4.14 KZN EPWP Targets for 2018/2019

The 2018/2019 financial year brings us to the end of EPWP Phase 3 which started in 2014/2015. The Province is set to achieve 191 423 work opportunities and 69 112 full – time equivalents.

4.15 Condition Assessments

The Department continued with condition assessments of school infrastructure and maintenance. Improvement plans were developed. These assessments aim at ensuring that state schools are maintained at an optimal level to support teaching and learning.

In 2017/2018, the Department completed the condition assessment of 460 schools. Fifteen interns in built environment professions were attached to the programme.

Condition assessments since 2013 are as follows:

Facility Type	Number Assessed
Health Clinics	179
Government office buildings	316
Schools	1281

In 2018-2019 the Department plans to assess a further 194 government office facilities.

4.16 Provincial Government Precinct

The Department is currently aligning the specifications of the procurement process with the developments in the procurement legislation, and will proceed once aligned and the relevant input from National Treasury is obtained.

4.17 Greening Policy

The "greening" of all public buildings is imperative in pursuing "KwaZulu-Natal Vision 2035". The Department is currently embarking on a "Green Agenda Concept" which seeks to prioritise green growth as articulated in the Medium Term Strategic Framework.

A successful national "Going Green" conference was hosted at Oliver Tambo House in the 2017/18 financial year. It was attended by delegates from the public and private sectors as well as academics.

The Department participates in a sector initiative led by the National Department of Public Works. The initial pilot project has yielded significant results. An intervention at the Department's head office building has provided savings in the order of 600 000 kWh and 6 million litres per year in relation to the consumption prior to the intervention. Essentially, the water saving is the equivalent of supply to 80 households that rely on the basic entitlement allocated to indigent households. The utilities savings amounted to R337 392 in the past year.



A successful national "Going Green" conference was hosted at Oliver Tambo
House. Food gardens are promoted at government buildings as part of the greening
programme.



Green building technology used in the renovation of Oliver Tambo House has resulted in utilities savings of R337 392 in the past year

4.18 Strategic Infrastructure Development Agency (SIDA)

In line with advancing radical socio-economic transformation, the Provincial Executive Council lekgotla held on the 15-17 February 2017 resolved that the Department jointly with the Department of Transport explore the possibility of establishing a provincially-owned construction entity and that a conceptual framework be developed as the means to achieve the following:

- To increase state-led infrastructure investment aimed at massively improving social and economic infrastructure, with an emphasis on the use of local content and local companies,
- Give effect to the National Development Plan (NDP), and the New Growth Path and the Industrial Policy Action Plan with the aim of stimulating growth, employment and the re-industrialisation of the South African economy,
- To build a developmental state with the technical and political capacity to lead development and transform the economy.

The provincially-owned construction entity is termed a Strategic Infrastructure Development Agency (SIDA). A steering committee for the agency has been established and is led by Public Works and the Department of Transport.

The Department of Human Settlements, CoGTA, Provincial Treasury, and EDTEA are participants. Public Works convenes the steering committee.

The draft conceptual framework document is in place. Public Works and Transport have seconded human resources to SIDA. A SIDA business case model will be presented at the August 2018 Provincial Executive Council lekgotla.

4.19 Infrastructure Delivery

The table on the following page illustrates the capital and maintenance projects allocated budgets by Sector Departments against the implementation and expenditure achieved in the 2017/18 financial year:

Client Department	2017/18 Projected Budget	Number of Projects	Expenditure
Arts and Culture	1 915 838	1	2 272 244
Agriculture	26 832 000	50	28 445 741
Education	805 687 762	2968	875 703 033
Health	293 413 467	357	254 336 227
Human Settlements	64 082 338	8	64 082 338
Prov. Parliament	5 680 000	5	3 594 152
Premier	3 973 000	9	3 122 463
Transport	44 459 000	25	36 298 424
COGTA	11 440 000	12	6 104 376
Social Development	46 353 227	21	34 246 098
Public Works	54 236 408	50	62 593 293
TOTAL	R 1 358 073 041	3506	R 1 370 868 073

During the 2017/2018 financial year, Public Works worked on 3506 projects for various departments.



Siyamukela High School under construction in Madadeni

Some of these projects and their completion costs are as follows:

- The new state-of-the-art 192-bed ward block in Ngwelezane Hospital at R202m.
- King Edward VIII Hospital Storm Water Upgrade project at R80m.
- All eleven Department of Health storm damage projects at R123m.
- The New Primary School at Mkhamba Gardens in Midlands at R36.3m.
- The Hostel Building at Vulekani Special School in Umzimkhulu at R29m
- Office Accommodation for Department of Transport Regional Office in Pietermaritzburg at R33m.

4.20 Client Department Budgets for Infrastructure 2018/2019

The Department maintains an active interest in the infrastructure allocations in client departments for its planning purposes. The table on the following page is instructive:

Client Department	Financial Year Baseline Budget	Total Number of Projects on IPIP
Arts and Culture	137 749	1
Agriculture	53 120 792	46
Education	658 349 925	763
Health	449 361 424	242
Human Settlements	45 299 000	5
Legislature	132 554	8
Premier	7 343 000	2
Transport	6 910 660	30
COGTA	224 677	11
Social Development	117 427 000	14
Public Works	61 139 000	50
TOTALS	1 399 445 782	1 172

4.21 Infrastructure Projects by District

It is generally acknowledged that infrastructure investment is an engine of economic growth. In the quest to demonstrate that infrastructure development takes place in all districts of the Province and notwithstanding the fact that the Department is guided by the prioritisation of projects by client departments, the table on page 34 reflects the cumulative expenditure by district in the 2017/18 financial year:

Municipality	Total Number of Projects	Expenditure per Municipality
Amajuba	157	38 796 803.09
eThekwini	495	320 467 694.67
Harry Gwala	125	69 210 531.04
iLembe	128	79 638 454.11
King Cetshwayo	669	131 031 040.42
Ugu	151	92 382 794.58
Umgungundlovu	344	152 649 723.49
Umkhanyakude	499	114 679 135.62
Umzinyathi	278	111 309 366.74
Uthukela	256	127 643 239.31
Zululand	404	133 059 289.59
Total	3506	R 1 370 868 073

4.22 Eyesizwe Contractor Development Programme

The ECDP Database has 3171 KZN contractors who are between CIDB grade 1 to 6 and stand to benefit from government contracts. Partnerships were established with Ithala and Absa banks to provide financial support to contractors who are awarded projects and are in need of bridging finance.

A total of 360 contractors have been exposed to both accredited and non-accredited training modules in 2017/18. Two hundred contractors received accredited training NQF level 3 and 4 through the partnership with NHBRC in roof carpentry, bricklaying, plastering and plumbing. Fifty-nine ECDP youth and women-owned enterprises received training through the partnership with ABSA bank in setting up a business, running and growing a business, being funding ready, improving credit score, supply chain management, business growth strategies and business planning.

One hundred and one ECDP contractors received training from the departmental professionals in bills of quantities preparation, time and value adjustments and interpretation of the contract documents.

The ECDP Contractors benefited from projects to the value of R199m in the 2017/18 financial year. As alluded to earlier, the lower value is due to budget constraints in client departments.

Forty CIDB Grade 1 contractors have moved to CIDB grade 2, 11 CIDB Grade 2 contractors have moved to CIDB grade 3, 1 CIDB grade 4 has moved to CIDB grade 5 and 1 CIDB grade 6 moved to CIDB grade 7 in the 2017/18 financial year.

The following tables illustrate the year-on-year ECDP expenditure:

2015/2016 Financial Year

Race and Gender	Number of Contractors	Amount Paid
Black Men	221	R 91 371 498.61
Black Women	197	R 87 060 349.93
Asian Men	9	R 4 260 909.21
Asian Women	5	R 1 405 678.03
Coloured Men	4	R 2 539 436.95
Coloured Women	2	R 2 424 992.03
White Men	1	R 3 769.72
White Women	1	R 266 001.01
Youth	145	R 73 216 842.18
Disabled Persons	4	R 2 800 581.44

2016/2017 Financial Year

Race and Gender	Number of Contractors	Amount Paid
Black Men	315	151 205 131.58
Black Women	263	231 330 803.94
Asian Men	14	20 518 190.09
Asian Women	5	4 704 581.04
Coloured Men	6	5 536 287.62
Coloured Women	2	2 001 157.16
White Men	4	379 232.66
White Women	3	14 369 427.34
Youth	217	148 676 218.24
Disabled Person	6	9 500 963.84

2017/2018 Financial Year

Race and Gender	Number of Contractors	Amount Paid
Black Men	256	86 149 913.23
Black Women	204	135 468 878.63
Asian Men	10	2 940 738.70
Asian Women	5	1 184 345.68
Coloured Men	4	668 405.41
Coloured Women	2	580 566.43
White Men	3	225 555.28
White Women	2	5 530 997.92
Youth	155	70 994 359.50
Disabled Person	5	713 697.67



Community engagement through Operation Sukuma Sakhe is a valuable platform to obtain community feedback on infrastructure projects like schools, clinics and hospitals

4.23 Construction Centre of Excellence

As part of the transformation of the construction sector, the Department is in the process of developing innovative methods to unpack the value chain for achieving the objectives of radial socio–economic transformation in general and construction materials in particular.

The Centre of Excellence will be structured on the following pillars:

- Furniture manufacturing
- Youth Construction SMMEs Incubation Programme
- Technical skills training for unemployed youth
- Construction material supplier development programme
- · Establishment of a conference facility

The operating model and costing of the Construction Centre of Excellence will be completed by the end of first quarter.

The furniture manufacturing and Youth Contractor Incubation Programme are the Department's contribution to Operation Vula spearheaded by EDTEA.

5. CONCLUSION

Public Works has ably demonstrated its alignment with the imperatives of radical socio-economic transformation contained in the National Development Plan and elsewhere as well as the electoral mandate of the ruling party. It is also responsive to the rapidly changing business and technological environment nationally and globally.

May I express my gratitude to the Premier; members of the Provincial Executive Council; the chair and members of the portfolio committee and members of this House for their consistent support.

The administrative expertise of the acting HoD during the 2017-8 financial year, Mr Thulani Mdadane, executive and staff at all levels is duly acknowledged.

I must also thank our client departments; mayors and municipalities; social partners and contractors who have contributed to the achievement of our goals.

My gratitude as always to my wife and family for their understanding of the responsibilities that go with my office and their unstinting support and encouragement.

I am delighted to present the following budget for the approval of this House:

Programme	Allocation R'000
Administration	R406 788
Property Management	R683 593
Infrastructure	R497 551
Total	R1 587 932

Ngiyabonga

NOTES

NOTES

Nelson Mandela's statement from the dock at the opening of the defence case in the Rivonia Trial – 20 April 1964

"The lack of human dignity experienced by Africans is the direct result of the policy of white supremacy. White supremacy implies black inferiority. Legislation designed to preserve white supremacy entrenches this notion...

The only cure is to alter the conditions under which Africans are forced to live and to meet their legitimate grievances. Africans want to be paid a living wage. Africans want to perform work which they are capable of doing, and not work which the Government declares them to be capable of. We want to be allowed to live where we obtain work, and not be endorsed out of an area because we were not born there. We want to be allowed and not to be obliged to live in rented houses which we can never call our own. We want to be part of the general population, and not confined to living in our ghettoes. African men want to have their wives and children to live with them where they work, and not to be forced into an unnatural existence in men's hostels. Our women want to be with their men folk and not to be left permanently widowed in the reserves. We want to be allowed out after eleven o'clock at night and not to be confined to our rooms like little children. We want to be allowed to travel in our own country and to seek work where we want to, where we want to and not where the Labour Bureau tells us to. We want a just share in the whole of South Africa; we want security and a stake in society.

Above all, My Lord, we want equal political rights, because without them our disabilities will be permanent. I know this sounds revolutionary to the whites in this country, because the majority of voters will be Africans. This makes the white man fear democracy.

But this fear cannot be allowed to stand in the way of the only solution which will guarantee racial harmony and freedom for all. It is not true that the enfranchisement of all will result in racial domination. Political division, based on colour, is entirely artificial and, when it disappears, so will the domination of one colour group by another. The ANC has spent half a century fighting against racialism. When it triumphs as it certainly must, it will not change that policy. This then is what the ANC is fighting. Our struggle is a truly national one. It is a struggle of the African people, inspired by our own suffering and our own experience. It is a struggle for the right to live.

During my lifetime I have dedicated my life to this struggle of the African people. I have fought against white domination, and I have fought against black domination. I have cherished the ideal of a democratic and free society in which all persons will live together in harmony and with equal opportunities. It is an ideal for which I hope to live for and to see realised. But, My Lord, if it needs be, it is an ideal for which I am prepared to die."



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