



BUDGET VOTE 14

BY: Hon. N.P Nkonyeni, MPL
MEC : Human Settlements & Public Works



public works

Department:
Public Works
PROVINCE OF KWAZULU-NATAL

Vote 14: Budget Speech Public Works 2019-20
Presented by Honourable Neliswa Peggy Nkonyeni MPL
MEC for Human Settlements and Public Works
Provincial Government of KwaZulu Natal
19 July 2019



Hon. Ms N.P. Nkonyeni, MPL
MEC: Human Settlements
& Public Works

Speaker of the Legislature, Hon. Nontembeko Boyce
KwaZulu Natal Premier, Hon. Sihle Zikalala
Chairperson and members of the Public Works Portfolio Committee
Members of the Executive Council
Honourable Members
Respected Amakhosi present
The Acting Head of Department and Officials Present
Academia, Religious Leaders and Captains of Industry
Members of the Media
Ladies and Gentlemen
Comrades and Friends
May I please recognise in the public gallery, my special guests.

INTRODUCTION

I am deeply honoured to address the House on this twenty-fifth anniversary of freedom and democracy. This sitting is also poignant in that it marks the commencement of the sixth administration of our democratic government.

We are Freedom's children entrusted with the responsibility of creating a better life for all our people.

The Honourable Premier has earlier paid tribute to various eminent South Africans who would have celebrated their birth centenaries this year.

Among them is the poet and writer Peter Abrahams who passed away in the West Indies three years ago.

I want to honour his memory by quoting the closing lines of his epic poem, Freedom's Child:

The whisper was caught by the Proletarian breeze
And carried away across the seas,
And every sufferer heard the voice,
And in quiet I heard the wind rejoice.
And clear in the twilight the clouds burst wild,
Singing my song – 'Freedom's Child!'

Our obligation at every level in state and civil society is to give real meaning to our freedom.

No-one must go to bed hungry, no child must be out of school, everyone should have access to decent, safe human settlements, health care, basic services and the dignity of an income from decent work.

There must be a place under the sun for all Freedom's children. Every day, we must demonstrate that we are a caring government.

Our special attention must be focussed on our youth, women and people living with disabilities. Let us each be relentless in our activism to carry all our people into the new dawn.

A profound quote from one of the stalwarts of our freedom struggle Mam' Charlotte Maxeke exhorts us thus: "If you can rise, bring someone with you."

As Public Works, we are committed to discharging our mandate in a manner that makes a real impact on our people's lives.

I want to announce that we will host a provincial Women in Construction Empowerment Summit as part of our Women's Month programme.

RADICAL SOCIO-ECONOMIC TRANSFORMATION

Even though we celebrate a quarter century of freedom, the majority of our people stare poverty, inequality and unemployment in the face every day.

Time magazine ran a damning cover story in the same month as our sixth democratic election. I quote from that article as it shows an outsider looking in our challenges:

"... a quarter-century after Mandela called for the state to be fundamentally reshaped to address the inequalities of apartheid, the world's most egregious racial divide has turned into its most extreme economic disparity. The World Bank last year deemed South Africa the world's most unequal society, estimating that the top 10% owned 70% of the nation's assets in 2015. And the split is still largely along racial lines; the bottom 60%, largely comprising blacks controls 7% of the country's net wealth. Half the population lives on less than \$5 a day." – *Time*, 2 May 2019



The Province recently launched Phase 4 of EPWP and is confident of meeting the job creation targets set by President Ramaphosa.

In the ideologically tradition in which I and many of my comrades were schooled, the state has to be wielded as an agency of radical socio-economic transformation. The Department's vision is, "An inclusive economy through sustainable infrastructure development and property management". Inclusivity will not happen because we will it to be so. An inclusive economy and shared prosperity will have to be a deliberate process of giving all our people a share of the pie.

The ever-widening inequality locally and globally is a terrifying recipe for social, political and economic instability of proportions too terrifying to contemplate. Hungry, helpless, hopeless, jobless people do not care for constitutions and grand policies.

As the great revolutionary Amilcar Cabral taught us: "Always bear in mind that the people *are* not fighting for ideas, for the things in anyone's head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children."

We must use the instrument of the state to radically and expeditiously transform our society or face the risk of undisciplined populists fomenting the kind of instability we will likely be unable to manage.

CORE FUNCTIONS

On 27 May 2019, I took over the reins from my comrade, Honourable Ravi Pillay, whose able stewardship of the portfolio during the fifth administration, I am delighted to acknowledge.

One of my immediate tasks was to sit down with the management team to review the strategic and annual performance plans. Central to this process was alignment with the seven priorities in the State of the Nation Address, the State of the Province Address, the National Development Plan and the Provincial Growth and Development Plan.

In the context of my political deployment, it was also very important for me to point out alignment with the Freedom Charter, the resolutions of the 54th Conference of the African National Congress and the social and political compact we agreed with the electorate in the manifesto of the 2019 election.

That remains the ideological framework, which informs the core functions of the Department, *inter alia*:

- 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.

IMPLEMENTING AGENT OF CHOICE AND INFRASTRUCTURE DELIVERY

By way of a resolution of the Provincial Executive Council, Public Works is the implementing agent of choice regarding infrastructure delivery. We must admit that we have come up short in this regard and that our capacity has to be demonstrated far more meaningfully to inspire confidence among client departments.

The Department is re-positioning itself as implementer of choice through the institutionalisation of the Infrastructure Delivery Management System (IDMS). The focus has been on securing and embedding its relationship with other government departments such as Health and Education. This is being done by:

- Improving the Department's perception among the client departments;
- Completing projects on time;
- Implementing projects within budget;
- Reduction in rentals and better use of government facilities;
- Contribution to the Radical Socio-Economic Transformation agenda;
- Reduction in the use of consultants;
- Spreading the work and opportunities to emerging service providers; and
- Improving SCM processes and planning.



Neonatal Ward in Vryheid Hospital

The Department spent over R6,4 bn during the past administration on government infrastructure investment projects, which includes new or replaced infrastructure; rehabilitation, renovations and refurbishments, upgrade and addition projects.

This included:

- 728 schools,
 - 80 hospitals,
 - 26 clinics
- and 80 other facilities such as libraries, vehicle test stations, offices, youth centres and elderly centres.

The Department is planning to undertake 1145 projects in the MTEF period with an estimated overall budget of R1,595 bn.

Chairperson, Honourable Members, in the established tradition in which we present our budgets votes in the House, please allow me to take you through each of the three programmes in greater detail.



Dining Hall Project - eThekweni Region

PROGRAMME ONE: ADMINISTRATION R438,080m (25.99% of total budget)

The main objectives of this programme are to:

- ❖ Provide strategic leadership and management
- ❖ Provide support to the Member of the Executive Council
- ❖ Build a positive corporate culture
- ❖ Render support and advice in terms of:
 - Human resource practices and policies;
 - All legal matters, security and logistics;
 - Effective communication and information management systems
- ❖ Ensure monitoring and evaluation systems are in place
- ❖ Render sound financial management services, risk management and supply chain management

STAFFING AND EQUITY PROFILE

The following is our staffing profile:

Current staff complement = 1640

Females at SMS level = 35%

People with disabilities = 30

Nature of disabilities

Blind or visual impairment = 8

Mobility = 9

Coordination or dexterity = 1

Deaf or hard of hearing = 5

Other disability = 7

Budgeted compensation of employees for the financial year is R 332,152m.

Following the approval of the Office of the Premier, the Department earlier this month advertised 139 positions to fill key positions including those of built environment professionals. Going forward, I want to see the employment of artisans, which was a historic competence within Public Works. Far too much artisanal work is outsourced when we should be creating decent jobs for our people.

CAPACITY DEVELOPMENT

In line with the government priority of youth development and creating and maintaining a capable state the Department awarded seventy-five bursaries to students pursuing various degrees in the built environment.

Our internship programme has produced 29 registered professionals. Currently the Department has 40 interns with built environment qualifications, such as engineering and quantity surveying.

We feel honoured to be living by Cde OR Tambo's words: "The children of any nation are its future. A country, a movement, a person that does not value its youth and children does not deserve its future."

Honourable Chairperson, I am pleased to inform the House that last week we hosted a successful Youth in Construction and Property Management Summit in Ugu which attracted over 500 delegates. We had a robust engagement to inform our programmes going forward.



Nikiwe Mvuyana attained her professional registration as an architect through support from the Public Works bursary and internship programme. She motivated other young people at the Youth in Construction and Property Management Summit convened by MEC Nkonyeni in Ugu recently.

FIGHTING CORRUPTION AND PROMOTING INTEGRITY

A total of 177 investigations were finalised in the past term and 265 disciplinary cases finalised. The Department will continue to strengthen all measures to crack down on corruption and mitigate the risk of irregularities.

Transparency is a key deterrent to corruption. Our Supply Chain Management processes in particular are open to intensive public scrutiny.

I am pleased to report that Public Works complied fully with Department of Public Service and Administration (DPSA) regulations in 2018 by ensuring that all Departmental officials and Senior Management Service (SMS) submit financial disclosures. The 2019/20 process is currently underway.

COST CONTAINMENT

The Department remains alert to the strictures placed on government spending and makes every effort to comply fully with the directives from Treasury. There is a concerted effort to ensure that variations only occur in extreme cases.

PROGRAMME TWO: IMMOVABLE ASSET MANAGEMENT R722,248 m (42.86% of total budget)

Honourable Chairperson, the purpose of this programme is to provide and facilitate the provision of accommodation and integrated property management services to clients through planned property life cycle (acquisition, management, maintenance and disposal), optimal utilisation of immovable assets, land valuation, maintenance of the fixed asset register, payment of property rates and integrated service delivery.

SUSTAINABLE AND RADICAL LAND REFORM

Land is a fundamental basis for radical socio-economic transformation. In order to make available strategically located parcels of vacant state land to targeted individuals / consortia, the Department:

- Identified 50 sites of vacant land which will be used for enhancing investment opportunities for the Province;
- Intends utilizing its property portfolio to stimulate black economic empowerment with targeted advertising to enterprises with at least 51% black ownership;
- Has set aside the procurement of offices under 900 m² for African Black new entrants;
- Addressed valid claims through Rural Development and Land Reform

- Developed government offices as District Precincts in under-resourced towns due to scarcity of office space in those areas; and
- Created an appetite for the private sector to renovate much needed dilapidated state owned buildings required for government use.

The approved Immovable Asset Management Transformation Policy is aimed at addressing the following:

- Skewed ownership of the property sector through targeted procurement;
- The creation of business opportunities;
- The creation of decent work opportunities;
- The development of under-resourced areas; and
- The enhancement and impact of Departmental Programmes and Databases

FIXED ASSET REGISTER

The Department continues to maintain an accurate register of Provincial immovable assets in line with minimum Treasury requirements. There is constant reconciliation with national deeds data to ensure completeness. Provincial state properties are currently valued at R17.9 bn.



*Youth and Women Empowerment: Organisations that train young people with skills to be of value in society break the back of the job creation challenge.
MEC Nkonyeni prides herself in being supportive of youth and empowerment programmes even where they might fall outside her immediate portfolio responsibilities.*

PROPERTY RATES

The property rates levied by municipalities are unpredictable and unsustainable in the current form. The Department has set in motion negotiations with municipalities to stabilise property rates.

PROPERTY VALUATIONS

The valuation of government properties remains critical and the Department conducts valuation of properties as and when required for the updating of Immovable Asset Register in compliance with 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.

PROGRAMME THREE: INFRASTRUCTURE, MAINTENANCE AND TECHNICAL SUPPORT R524,989m (31.15% of total budget)

Honourable Members, the main purpose of this programme is the provision and/or acquisition 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 EPWP;
- Creating an enabling environment for affirmable business enterprises;
- Initiating and co-ordinating strategic partnerships; and
- Coordinating and aligning operational activities in line with municipal demarcations.

IMPLEMENTATION OF STRATEGIC INFRASTRUCTURE DEVELOPMENT AGENCY (SIDA)

In accordance with the decision of the Provincial Executive Council, the Department is exploring the establishment of a State Infrastructure Development Agency (SIDA) that will be responsible for the feasibility and packaging of strategic projects. Implementation of key or strategic projects will be undertaken by a Project Management Unit (PMU) within SIDA.

SIDA'S key objectives will be to:

- Give effect to the National Development Plan (NDP), the New Growth Path and the Industrial Policy Action Plan with the aim of stimulating growth, employment and the re-industrialization of the South African economy;
- 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; and
- Build a developmental state with the technical and political capacity to lead development and transform the economy.

Public Works and Transport have been entrusted the responsibility to develop the conceptual and legal framework for the implementation of SIDA.

The implementation of the SIDA will be phased to allow the set-up of systems and recruitment of personnel at an accelerated pace. The private sector will significantly be engaged at the onset and slowly phased out (to the desired levels) as the staff complement reaches the planned levels.

The SIDA will ensure a balanced engagement of the private sector. There is an inherent need and responsibility of growing the Provincial economy by not being completely exclusive. Service Level Agreements and funding from efficiency gains will enforce high levels of performance by the enterprise. It will however be necessary for the Provincial government to offer funding at the start of operations until there is sufficient flow of revenues.

INFRASTRUCTURE MASTER PLAN

The KZN Infrastructure Master Plan has been finalised. The focus now turns to implementation of the plan. This will ensure the institutionalisation of principles and methodologies to be applied when assessing, considering and classifying respective infrastructure projects and programmes.

It will be necessary to align these to the Provincial Growth and Development Strategy, the National Strategic Infrastructure Projects (SIPs), as well as the principles of Sector Levels of Service and National Treasury IDMS.

INFRASTRUCTURE PROGRAMME MANAGEMENT UNIT

A Provincial Infrastructure Programme Management Unit is being established to coordinate the implementation of the KZN Infrastructure Master Plan and provide the technical support to the Provincial Infrastructure Co-ordination Work Group.

The Unit will galvanise integrated planning and delivery by all stakeholders responsible for infrastructure planning and implementation in the Province.

INFRASTRUCTURE CATALYTIC PROJECTS

There are 149 registered infrastructure Catalytic Projects with an investment value of R3.67 trillion. Manual update of PGDP-Catalytic Projects has been undertaken, further direct engagement with stakeholders implementing catalytic projects within the Province will be undertaken to improve reporting and alignment of projects to the PGDP objectives and indicators.

EXPANDED PUBLIC WORKS PROGRAMME

EPWP is a nationwide intervention that aims to provide unemployed people with work opportunities and training to enhance their capacity to earn an income.

The Province continues to lead in the implementation of the EPWP. Between 2014 and 2019, KwaZulu-Natal created 985 016 (117%) against a Provincial 5-year target of 839 121 work opportunities. This performance far exceeds all other Provinces. Municipalities received a total of R 839 526m over the past five years specifically for implementation of EPWP job creation.

The EPWP Grant has assisted the Province to upscale job creation and it is anticipated that the allocation will grow as we move into EPWP Phase 4 which commenced on 1 April 2019.

The KwaZulu-Natal targets for EPWP Phase 4 works opportunities are as follows:

KZN Overall	Number of Work Opportunities
2019/20	121 889
2020/21	125 612
2021/22	128 699
2022/23	131 831
2023/24	135 238
Total	643 269

DEPARTMENTAL EPWP PERFORMANCE

Public Works has set an annual target of 6 000 work opportunities and 600 Full Time Equivalents (FTEs) to be created within the 2019/20 financial year. The work opportunities target mainly youth, women and people with disabilities.

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 identified by the Department of Education (DoE).

In April 2019, the Department of Public Works received a budget allocation of R4 726 000,00 from the EPWP Integrated Grant allocation for 2019/20 financial year.

The EPWP Integrated Grant Budget Allocation will be used to create 539 Work Opportunities in line with the approved project list and 488 work opportunities through the Izandla Ziyagezana programme.



EPWP is one of the largest public job creation programmes in the world. KwaZulu - Natal has distinguished itself as a top performer nationally.

EYESIZWE CONTRACTOR DEVELOPMENT PROGRAMME

Public Works adopted this programme as means of empowering emerging contractors between CIDB Grade 1 to 6. The total number of the contractors on the database is 3186. Of these, 614 admitted in Phase 1 and 2572 admitted during the Phase 2 intake. The database has 1481 Women Contractors and 1415 Youth Contractors. R681m worth of projects were awarded to ECDP Contractors since 2015. Partnerships have been established with IThala and Absa bank to provide bridging finance to contractors in need of financial assistance and guarantees.

The Department has advertised for the Eyesizwe database Phase 3 intake with a focus to include People with Disabilities and Military Veterans Contractors.

TEN PRIORITIES

In order that the Department might concentrate its energies to make a positive impact, the following ten priorities have been identified:

1. Establish Public Works as Implementer of Choice for Infrastructure through the institutionalisation of IDMS
2. Restructure the Department to be service delivery focused through a new Service Delivery Model
3. Reduce rentals through the construction of state-owned facilities and maximum use of existing state facilities
4. Stabilise rates
5. Contribute to the ocean economy through development of the requisite skills and build a social compact with business, labour and communities.
6. Build the Provincial Precinct in collaboration with other departments including OTP and Legislature. Financing will be through the sale of identified assets to raise R3bn.
7. Improve maintenance of state buildings
8. Maintain positive audit outcomes.
9. Grow the spend with Eyesizwe contractors to advance Radical Socio-Economic Transformation.
10. Effective co-ordination of EPWP to improve government-led job creation



*Stakeholder Engagement with Master Builder's Association:
Constant interaction with stakeholders in the construction industry
is an important part of communicating government policy and priorities.
It also serves to receive feedback on the state of that industry, its success and challenges.
One of MEC Nkonyeni's first invitations when she assumed office at the end of May was to address
the 118th AGM of the Master Builder's Association. She is pictured here alongside its chairperson,
Ms Joyce Tembe.*



Prince Mshiyeni Hospital

CONCLUSION

Honourable Members, I have every confidence that the Public Works mandate is realigned 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.

The real test will be in implementation. Both this House and our citizens at large will hold us accountable. As the political head, I have been clear that there will be consequences for under performance.

May I express my gratitude to the African National Congress for the deployment to this important portfolio. I am also grateful to the Honourable Premier; members of the Provincial Executive Council; the chair and members of the portfolio committee and members of this House for their support of the work of the Department.

I am indebted to the HoD, Dr GG Sharpley and EXCO, Head of Ministry, Mr Isaac Luthuli, SMS and staff at all levels for their patriotism and diligence.

I must also thank our client departments; mayors and municipalities; social partners and contractors who have contributed to the achievement of our goals, all of whom have an interest in the onward success of the Department.

No one in public office functions on their own. I am grateful for the consistent support of my loved ones, wider family and comrades.

I present the following budget for the approval of the House:

Programme	Allocation
Administration	R 438,080m
Property Management	R 722,248m
Infrastructure	R 524,989m
Total	R1,685,317bn

Ngiyabonga



Going Green: Environmental considerations enjoy considerable prominence in infrastructure development. The management of carbon emissions and the use of environmentally sustainable materials and design is uppermost. The Department developed a "green policy" framework that is in synergy with national policy. The Public Works district office at Ixopo is a Green Building Council of South Africa (GBCSA) star-rated building which continues to attract considerable interest from designers and planners.



Hospital Revitalization - Lower uMfolozi District War Memorial Hospital

Notes

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