

BUDGET SPEECH 2017/18

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 on 21 April 2017**

Honourable Speaker

Honourable Members

Their Worships, Mayors present

Speakers, Chief Whips and Councillors

Respected AmaKhosi present

The Head of Department and Officials present

Business, Academic, Religious and Community Leaders

Members of the Media

Ladies and Gentlemen

Comrades and Friends

1. INTRODUCTION

1.1 Unity, Stability and Advancing Radical Socio-Economic Transformation

It is always necessary to locate our current work as government within the continuum of the long road to South African freedom, building our country and uniting our people.

2017 is a year of historic anniversaries. Prominent among these is our national celebration of the centenary of OR Tambo's birth – an outstanding leader and unifier of our people who, over a period of thirty years, kept our liberation movement, spread all over the world and inside our country, alive and united. A remarkable achievement for the time.

May I also recognise the birth centenary of a great son of KwaZulu-Natal, Henry Nxumalo, the pre-eminent journalist of his day and the assistant editor of Drum magazine who hailed from Mvutshini, KwaXolo on the South Coast.

It is also 100 years since the great Russian Revolution which turned on its head the world as we knew it. It defeated feudalism and ushered in a developmental state. In spite of the mistakes in carrying through the gains of the revolution and less than perfect implementation, it succeeded in advancing radical socio-economic transformation in one of the most backward societies of the time.

May I also recognise the 70th anniversary of the Three Doctors Pact signed by Doctors Xuma, Naicker and Dadoo of the African National Congress, Natal Indian Congress and Transvaal Indian Congress, respectively. That agreement formed the basis of unity in action and the framework for the Congress Alliance.

1.2 Learn as if you will live forever

Seventy years ago this year, we laid to rest ANCYL General President Muziwakhe Anton Lembede at the youthful age of 33. After qualifying as a teacher he read for a BA and LLB at UNISA completing both degrees by correspondence within six years. He then graduated with an MA in Philosophy and at the time of his early death was reading for a doctorate in law.

Comrade Lembede leaves us a great lesson eloquently captured in the words of our leader of government business paraphrasing a Chinese proverb, "Learn as if you will live forever, work as if you will die tomorrow."

Another life that was taken too early and very cruelly was that of Steven Bantu Biko, forty years ago this year – an activist who worked to free us from mental slavery.

We honour and are inspired by the memory of the heroes of South African freedom as we grapple with the transformation challenges that confront our nation.

1.3 Key terrain for radical socio-economic transformation

Public Works is a key terrain for radical economic transformation. The Department delivers new social infrastructure such as schools, clinics and hospitals, maintains existing facilities, manages a significant lease portfolio and coordinates reporting on the Expanded Public Works Programme (EPWP) in the province.

In addition, Public Works is increasingly at the cutting edge of our broader strategic infrastructure planning and technical capacity building. Infrastructure investments have a strategic value in advancing radical economic transformation. Astute planning, monitoring and evaluation are key to advancing this agenda.

This is exciting work that seeks to achieve coordination of all infrastructure delivery in the Province. We are encouraged by the continued commitment by provincial departments as well as key stakeholders such as Eskom, Transnet, Water and Sanitation, Umgeni Water, and the Provincial Planning Commission serving on the Provincial Infrastructure Work Group.

1.4 Implementing Agent of Choice

The Public Works function is a shared responsibility between Province and National. The Provincial Executive Council has mandated Public Works to lead and co-ordinate infrastructure programmes in the Province through the Infrastructure Delivery Management System (IDMS).

In 2012 the Provincial Executive Council resolved that the Department will be the “implementing agent of choice” for all public sector infrastructure development in the Province. We need to evaluate our collective progress as a provincial government in implementing this resolution.



The Department of Education is the largest client of Public Works with a projected spend of R931 million in the 2017/2018 financial year.

We believe that we have a significant contribution to make towards the building of an inclusive economy through our programmes of infrastructure development and property management.

Arising from our electoral mandate we are driven to advance radical socio-economic transformation by which “we mean fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female, as defined by the governing party, which makes policy for the democratic government.”

We also take our cue on strategic orientation and alignment from the resolutions of the 53rd National Conference of the ANC, namely:

- “... to transform the structure of the economy through industrialisation, broad-based black economic empowerment, addressing the basic needs of our people, including women and youth, strengthening and expanding the role of the state and the role of state owned enterprises.”
- “The national infrastructure plan is an opportunity to change the structure of the economy, apartheid spatial distortions, support beneficiation ...”

Honourable Members, please allow me to take you through each of the programmes that enable us to implement our mandate.

2. PROGRAMME ONE: ADMINISTRATION

R 382 684 million

This programme is responsible 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 Good Corporate Governance

Our provincial government’s commitment to good governance is well known. Public Works again obtained an unqualified audit opinion for the 2015/2016 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 2016/2017 financial year. Subject to final audit, we believe that we would have spent almost 100 per cent of our budget. In addition, we implemented projects to the value of R 1.8 billion on behalf of our client departments. This represents a combined budget spend of R 3.2 billion.

2.2 Risk Management

The Department's Risk Management Strategy concentrates on fraud prevention, detection, investigation and resolution of all reported cases of alleged fraud and corruption.

The standing policy of all new employees attending compulsory induction programmes which include fraud and ethics awareness workshops is firmly institutionalised. The clear position is that there will be consequences for transgressions. The Department is adamant about zero tolerance for corruption.

A tight regime has seen 21 internal investigations; four National Anti-Corruption Hotline cases; seven forensic investigations by Provincial Treasury and four investigations by the SIU being finalised.

Disciplinary action was recommended against 35 officials and 25 cases finalised. There was one criminal referral to SAPS relating to possible fraudulent activities in respect of irregular payments on WIMS in the Midlands region.

The investigations resulted in one official being dismissed, two officials had a three months suspension without pay sanction and final written warnings imposed on them. One official had a one-month suspension without pay sanction and final written warning imposed. The remaining three officials had a final written warning imposed.

The Department has also instituted and finalised disciplinary proceedings against three officials relating to allegations of irregular appointments resulting in two officials receiving final written warnings. The charges against the third official were withdrawn after further investigation revealed that a case was no longer warranted.

In addition to the above, disciplinary measures have also been finalised against six officials for irregular expenditure. This resulted in two officials receiving final written warnings, one official receiving a written warning and two officials receiving verbal warnings. The sixth official resigned before being charged. My officials have assured me that no financial prejudice was suffered by the Department and that fair value for money was received. Those who risk transgressions can be assured that we will pursue and prosecute them.

2.3 I Do Right Campaign

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 Premier's "I Do Right" campaign received an enthusiastic response from the community in the Harry Gwala District Municipality. There was a strong message emphasising the building of a capable state and the need to stand firm against corruption

2.4 Transparency with Tender Information

It is worth repeating that in respect of transparency with tender information, Public Works routinely publishes the details of awards above R200 000. The public is informed who has won a contract and the value of that award.

2.5 Internal Capacity Building

2.5.1 Bursary Programme

The Department funded 28 external and 19 internal bursary holders in 2016/17 in areas such as civil, electrical and mechanical engineering. Of these, six external and seven internal candidates were expected to complete their studies at the end of the 2016 academic year.

Thirty five external bursaries were awarded for the 2017 academic year to applicants in professional disciplines – i.e. civil, electrical and mechanical engineering, quantity surveying, and architecture. Eight bursaries were awarded to women.

2.5.2 Internship Programme

In 2016/17, the Department placed 26 interns in professional disciplines including civil, electrical and mechanical engineering, as well as in construction project management, quantity surveying, architecture and property management.



The Department has an active internship programme which recruits candidates from the built environment disciplines as well as a range of other fields. This is a demonstrable programme in youth access and empowerment.

2.6 Compensation of Employees

The current staff complement stands at 1705. The gender parity we strive for has not yet been achieved largely due to the historical legacy of males being dominant in the built environment disciplines which are overwhelmingly technical.

We believe however that the current profile of approximately 40 per cent female at Senior Management level and 44.5 per cent in the overall workforce reflects notable work in progress.

Honourable Chairperson, I must point out that we are at 1.7% against a target of 2% in the employment of people with disabilities. Please allow me to assure the House that we are consistently alert to meeting our obligations in this area.

Due to financial constraints, the Department will prioritise Occupation Specific Dispensation (OSD) posts and limited key vacant funded administrative support posts in this financial year.

2.7 Financial Disclosures

I am pleased to report that Public Works complied fully with Department of Public Service and Administration (DPSA) regulations in 2016 by ensuring that all Departmental officials and Senior Management Service (SMS) submit financial disclosures. The 2017/18 process is currently underway.

The Department consistently ranks among the top performers in the Province for Governance and Accountability which encompasses: Professional Ethics, Internal Audit and Risk Management. We are reasonably confident to be compliant with all legal/regulatory requirements especially the Management Performance and Assessment Tool (MPAT), an independent, nationally driven assessment process by DPSA.

2.8 Cost Containment

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.



The completion of the renovations to the Public Works Head Office has resulted in significant savings due to not having to lease office accommodation from the private sector. The gross office space increased from 5000m² to 8116 m².

2.9 Radical Socio-Economic Transformation in Procurement

Honourable Members will be aware that Public Works was one of the lead departments in convening the KwaZulu Natal Procurement Indaba in 2015 along with the Office of the Premier and Treasury. The resolutions of that Indaba remain instructive in advancing the objective of empowerment with sustainable transformation.

Interventions like the Eyesizwe Contractor Development Programme (ECDP) has 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 in 2015/2016, to R353m in 2016/2017, to a projected R500m in 2017/2018. We must caution that these projections are conditional upon client departments honouring their commitments for the financial year.

Preliminary reports indicate great appreciation and satisfaction from those participating in this programme. If anything, there is a clamour from those who have not as yet been able to enter the programme. We have 614 Emerging Micro Enterprises (EMEs) participating in Phase 1 and a further 2049 approved for Phase 2. We are mindful of the need for a qualitative assessment of the outcomes of these programmes and shall attend to this in due course.

The ECDP is an example of our energy and creativity in responding to the political imperatives of the Procurement Indaba. Another is our implementation of a compulsory sub-contracting and local content model. Further, we have developed a draft Professional Service Providers Policy which is currently awaiting approval from Treasury. Its core objective is that preference will be given to black professionals and technologists in government contracts.

Three pilot refurbishment projects namely Inanda New Model School, Austerville Refurbishment Housing Project and the Department of Education Teacher Training Academy, costing R600m in total, is currently being implemented. This takes into account six secondary procurement objectives, namely:

- Local content
- Local labour
- Youth labour
- Local spend
- EPWP
- Sub-Contracting to ECDP



The National Youth Service (NYS) is an important entry point for young people to acquire skills and experience in the construction industry. It equips them with the necessary expertise to enter the industry as entrepreneurs.

These initiatives have now found new legal space for further expansion by virtue of the new Treasury regulations set out below.

2.10 New Treasury Regulations

We are pleased that the new Preferential Procurement Policy Framework Act (PPPFA) regulations came into effect on 1 April 2017. These regulations significantly increases the legal space for our Radical Socio-Economic Transformation programme. They inter alia provide for the following:

- Increases the threshold for application of the 80/20 rule from R 1m to R 50m;
- Provides for targeted procurement even on a geographical basis (set asides);
- The State is authorised 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 per cent local sub-contracting.

These provisions will be integrated into all policies for procurement going forward. Provincial Treasury is currently rolling out intensive training workshops to build our capacity for implementation.

3. PROGRAMME TWO: IMMOVABLE ASSET MANAGEMENT R 678 491 million

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

3.1 Immoveable Asset Register

The full migration of data from PREMIS onto the Immoveable Asset Management System, ARCHIBUS has been finalised. However, not all modules are live. The benefits include an integrated system, improved project management, efficient financial reporting on infrastructure expenditure and facilities management. This remains work in progress.

3.2 Property Rates

The Department has paid all invoices submitted by municipalities amounting to R553 million against an allocated budget of R534 million. The shortfall was re-prioritized from

within the Departmental budget. This once again highlighted the issue of insufficient budget allocation for payment of property rates. We appreciate the variable factors including acquisitions and new infrastructure coming on stream.

3.3 Property Valuations

This project dealing with property valuations involving 3 902 properties was completed on 31 March 2017. The valuation of state assets remains critical and is informed by National Treasury's Guide on Accounting and Reporting for Immovable Assets.

3.4 Finalisation of transfer of R293 Properties

The Department continued with the transfer R293 properties from the names of the municipalities to the Provincial Government.

The transfer of properties (1300) from the various municipalities, including eThekweni Metro, Alfred Duma, Ray Nkonyeni, Ulundi and uMlalazi has been completed.

The remaining 185 properties are in the process of being transferred from the uMhlathuze, AbaQulusi, iNkosi Langalibalele (only former uMtshezi), eNdumeni, Nkandla and Big Five Hlabisa municipalities. This process is expected to be completed in the current financial year.

MUNICIPALITY	TOTAL	Comment
uMhlathuze	133	Transfers in progress
AbaQulusi	18	Council resolution awaited.
iNkosi Langalibalele (only former uMtshezi)	13	Council resolution awaited.
eNdumeni	5	At procurement for conveyancing
Nkandla	9	At procurement for conveyancing
Big Five Hlabisa	7	At procurement for conveyancing



The construction, renovation and refurbishment of hospitals and clinics across the province is an important part of the Public Works mandate.

3.5 State Domestic Facilities (SDFs)

The SDFs include schools, clinics, offices and hospitals built on land under traditional authorities or on farms not owned by government. There are 5 043 such SDFs built prior to 1994 that require surveying, sub-division or consolidation.

A five year plan has been developed with a cost estimate of R75 million. The priority for the current financial year is to take transfer of the 1611 SDFs on surveyed land under the custodianship of Rural Development and Land Reform, as these only require conveyancing.

3.6 Condition Assessments

The Department continues with condition assessments of school infrastructure and maintenance. These assessments undertaken in conjunction with Education are to ensure that state schools are maintained at an optimal level to support our commitment to teaching and learning.

A total of 250 schools were assessed in the last financial year. Condition assessments of 580 schools will be undertaken in consultation with Education in 2017/2018, and maintenance plans will be developed.

Honourable members, we must be upfront about the challenges with sustainable budgeting for an effective maintenance cycle. This is however receiving attention and will require a coordinated approach by all departments underpinned by a Provincial Executive Council Resolution.

In line with the condition assessments done since 2013, the findings were communicated to the user Departments:



National, Provincial and Local Government leaders undertake regular timetabled visits to assess school functionality. MEC Pillay engages a learner in the Harry Gwala District Municipality on his career ambitions.

Facility Type	Number assessed
Health Clinics	179
Government office buildings	316
Schools	570

Still to be assessed:

Facility Type	Number Estimated
Schools	5430
Hospitals	73

Along with schools, our attention is focused on condition assessment of our hospitals.

The challenge remains the allocation of maintenance budgets by user Departments. This is a standing item on the agenda of the Provincial Assets Sub-Committee and will be receiving continuous attention.

3.7 Transformation of the Property Sector

3.7.1 Utilisation of Vacant Land and Buildings

The Department is committed to advance radical socio-economic transformation by utilising available land or buildings not immediately required for provincial government service delivery. The approach is to make land or buildings available to targeted groups for longer lease periods and at favourable rentals.

In pursuit of optimally utilising vacant state-owned buildings, the Department has over the past 3 years achieved the following:

- 33 reallocated to Provincial User Departments
- 37 leased to NGOs, private sector and religious organisations,
- 1 disposed of to national Department of Public Works
- 1 to EThekweni Municipality

The Department currently has five vacant state-owned buildings which are properly secured against vandalism and misuse.

Our clear position is that vacant state-owned buildings are an effective tool to advance radical socio-economic transformation in the property sector in which Black Africans are drastically underrepresented. Our officials have instructions to work with considered haste in unpacking the mechanics that will enable putting these vacant properties onto the market for the transformation purposes we intend.

3.7.2 Land is a national asset so let's use it

Sixty six percent of our people in KwaZulu Natal live on 3% of the land. Eighty five percent of our people in the Province live on 11% of the land!

Land hunger is real. Throughout our liberation struggle land was the fundamental question. Various audits of land ownership and occupation patterns are currently underway both within the Province and nationally.

The following land use data compiled by StatsSA in the 2011 census is instructive. (The areas are in square kilometres.)

Land Use	KZN	%
Collective living quarters	100,7	0,11
Commercial	103,6	0,11
Farms	44787,2	47,99
Formal residential	1592,5	1,71
Industrial	431,1	0,46
Informal residential	253,6	0,27
Parks and recreation	5932,1	6,36
Smallholdings	289,0	0,31
Traditional residential	29943,7	32,08
Vacant	9895,3	10,60
Total	93329,3	100,00

The following data sourced from the land audit conducted by the Department of Rural Development and Land Reform in September 2013 paints a more detailed picture of the Province:

Category	Estimated Extent in Hectares
Total Land in the Province	9 400 000
Total land owned by Provincial Government	2 000 000
Total land owned by National Department of Public Works	2 600 000
Land owned by Municipalities	54 217
Land owned by Parastatals	14 321
Private-owned land and Ingonyama Trust Board (ITB)	4 300 000
Unaccounted land	431 462

NB: It is reported that land held by the Ingonyama Trust Board (classified with private in the above table) amounts to 2 770 000 hectares.

While there are certain discrepancies in the data we believe that there is sufficient information to give us an informed assessment about land use and ownership in our Province.

Land is clearly a very important factor in our radical socio-economic transformation equation. As a Department we can only design and implement programmes within our jurisdiction. We have accordingly focussed on the following:

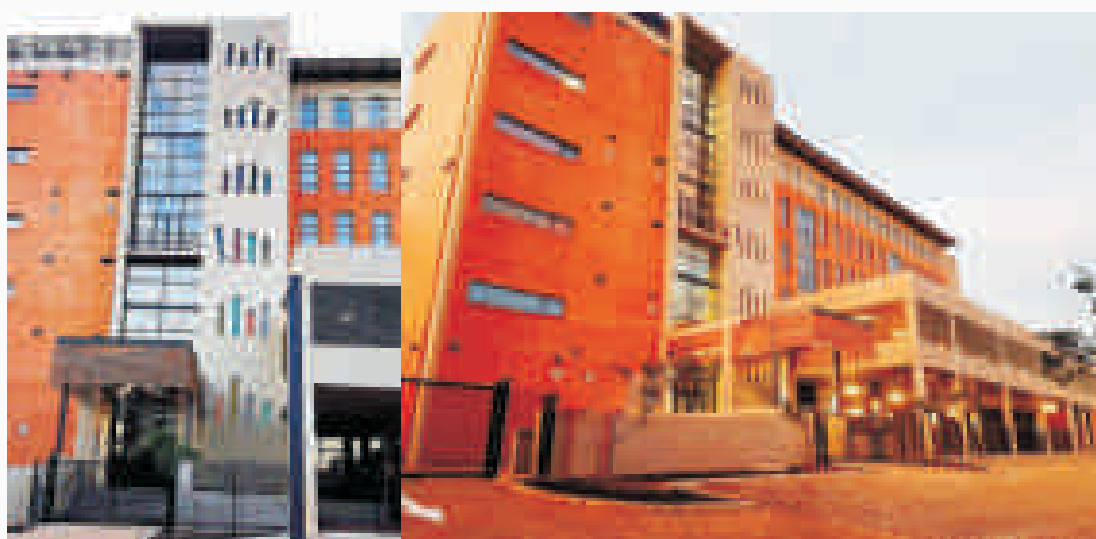
Public Works has earmarked 56 prime provincial properties for disposal or letting in terms of radical socio-economic transformation. These will be made available to targeted groups for longer lease periods at incentivised rentals. This is intended to start a serious programme of changing the urban commercial, industrial and prime residential demographic profile.

Put bluntly we ask who owns CBDs in our metro and all our major towns? The current demographic ownership profile simply cannot be defended nor is it sustainable. We will do this but clearly but we will have to do much more. We are accordingly identifying additional land for the same purpose.

In addition we are working on land to direct to the agricultural economy. For example, we are aware of one municipality that owns enormous tracts of land that are leased to timber companies.

We need to wrap our minds around how we put all vacant land to more productive use in addressing land hunger and advancing transformation. Of course we constantly seek to identify land for Human Settlements purposes to address housing demand.

Honourable Members will be aware of the status of the Expropriation Bill which is yet to be signed into law. We are alert to the provisions of the legislation and stand ready to effect its provisions in pursuit of radical socio-economic transformation.



Development leases are an important innovation to advance radical social economic transformation in the property management sector. The Department has secured milestone leases for Education in the Ugu District Municipality

3.7.3 Leasing in of buildings from the Private Sector

The demographic profile of landlords who lease their properties to government continues to be unacceptable. We spend approximately R 275 million per annum on rentals paid to the private sector. Only approximately 20% of the landlords are Black African.

We are in the final stages of investigating the feasibility of imposing a 51% minimum Black African ownership criteria for future lessors. We are mindful of challenges around financing for Black African entrepreneurs in this regard. We call upon the established landlords to be part of a new and creative approach towards achieving this objective. It is an irreversible political imperative. We also believe that it is very much in the interests of established business.

The strategy of the Department going forward also entails the following:

- Landlords will be expected to contract to targeted emerging businesses to undertake refurbishments of hired buildings, Facilities Management services and debt management services.
- Landlords are expected to create decent job opportunities for the unemployed.

We have every intention of ensuring that there is expeditious and demonstrable compliance from landlords in this regard.

3.7.4 Development Leases

The Department is considering this option for district precincts where office accommodation is scarce. Our pilot in the Ugu District for the Department of Education involves a development lease approach. This is considered to be a milestone project in that it allows the Department to source an A grade 4 star green rated building customised to the client's needs within the market related rates.

While this approach is useful in mitigating our budgetary challenges it is less viable for sustained transformation. We are committed to pushing the boundaries in this case as well.

4. PROGRAMME THREE: INFRASTRUCTURE, MAINTENANCE AND TECHNICAL SUPPORT R445 776 million

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 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 KwaZulu-Natal Infrastructure Delivery Management System (IDMS)

The Provincial Executive Council resolved in 2012 that Public Works will enjoy the status of “implementing agent of choice” for infrastructure development in the Province.

The Department has since restructured to be a capable state entity with a mix of skills and expertise to discharge its mandate. The departmental organogram now aligns with the KwaZulu-Natal Infrastructure Delivery Management System (IDMS).

We believe that empirical evidence will support our assertion that we have generally been an effective and efficient implementing agent. We readily invite any objective comparative assessment with other relevant implementing agents.



Former Minister of Public Works Thulas Nxesi conducted a site inspection to assess progress on the Stanger Hospital Maternity Block.

4.2 Provincial Infrastructure Master Plan

The purpose of the Plan is to provide a platform for the collation of all infrastructure information. It also serves as a model for the prioritisation of the infrastructure

programme based on variables related to planning, performance, spatial/land use considerations, service delivery and positioning of the project in its life cycle.

The idea is to provide a one-stop information portal on infrastructure in the Province. The KZN Master Plan Team consolidated the data collected from various bodies on a virtual spatial platform. This was used for monitoring and co-ordinating programmes/projects, interpreting and capturing the levels of service per sector to determine the alignment of projects with policy. The focus was on the identification and co-ordination of catalytic projects.

The Department has chaired the Provincial Infrastructure Task Team which is part of the broad rubric of the Presidential Infrastructure Coordinating Commission.

This is work in progress but with very exciting potential.

4.3 Provincial Government Precinct

There is considerable progress on this estimated R3.5bn project since we last reported to the House. The team that includes Provincial Treasury has done detailed work on a public-private-partnership model and costings.

I am pleased to report that National Treasury has approved the feasibility and the concept. A comprehensive procurement process is intended to match the scale and magnitude of the project.

As part of the procurement process, a BEE scorecard for the project was developed with the following having been referenced:

- KZN Provincial Government Radical Economic Transformation objectives
- Resolutions of Procurement Indaba
- Policy framework of the Code of Good Practice for BEE in PPPs
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- B-BBEE Codes
- Empowerment Charters

Opportunities for B-BBEE have been considered to fall within four key strategic areas, using the B-BBEE Codes as a guide. The strategic areas are:

- Equity in Private Party and its principal subcontractors;
- Private Party Management and Employment;
- Subcontracting; and
- Local socio-economic impact.

The final leg of the implementation is subject to approval by the Provincial Executive Council.

4.4 State Owned Construction Company

We are committed to the development of a state-owned construction company. It is part of our programme of radical socio-economic transformation and building a capable state. We are under no illusions about the task that we have set ourselves.

The Department is studying comparable models in the country and internationally. We are working cooperatively with other departments with related mandates (e.g. Transport; Economic Development, Tourism and Environmental Affairs; Human Settlements and Treasury) to develop a coherent concept and approach. Progress reports will be tabled via the Portfolio Committee.

4.5 Infrastructure Delivery

The following table illustrates the capital and maintenance projects allocated budgets by Sector Departments against the implementation and expenditure achieved in the 2016/17 financial year:

Client Dept.	2016/2017 Approved Budget	Total Number of Projects	Expenditure
Arts and Culture	5 060 000	3	3 012 190
Agriculture	39 644 000	46	27 428 255
Education	831 000 000	5 449	1 219 391 952
Health	481 525 000	191	302 888 562
Human Settlements	92 924 004	7	92 629 889
Prov. Parliament	7 960 000	9	5 716 912
Premier	16 036 000	7	18 364 468
Transport	31 066 817	37	31 066 817
COGTA	13 150 000	5	7 202 753
Social Development	35 820 247	27	36 928 106
Public Works	72 618 000	60	45 332 394
TOTALS	1 626 804 068	5841	1 789 962 297

Of the 5841 projects implemented in the 2016/17 financial year, 331 projects were completed. There are 301 education projects which include 141 fencing projects for schools. Fencing has enhanced the safety of learners and protects government assets from vandalism. Seventy five storm damage projects were completed to improve the learning environment.

Seventeen Early Childhood Development Centres were constructed and completed and 50 schools were provided with electricity. A total of 1136 water and sanitation projects are at various stages of implementation in the attempt to improve the dignity and hygiene of learners.

Of these 702 are ready for advertisement, 214 are ready for award, 75 have been awarded and the balance are in construction. There were also 2390 borehole investigations conducted across the entire province for provisioning of water in schools. The outcomes of the investigations were presented to the Department of Education.

One new school, Ntulabakayise High School, in uMkanyakude District Municipality was completed. The opening and functioning of this school has relieved overcrowding in two nearby high schools and also reduced walking distance for learners in that area.

There were 23 projects completed for the Department of Health in various categories of repair, renovations and upgrades. Eleven generators were installed which now provide uninterrupted health services in these rural facilities.

The planning of the Provincial Training Academy in Westville was completed. This development also includes space for the Office of the Premier.

4.6 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 following table reflects the cumulative expenditure by district in the 2016/17 financial year:

District Municipality Name	Expenditure Per Municipality
Amajuba District Municipality	R 50 216m
Ethekwini Municipality Metropolitan	R 372 354m
Harry Gwala District Municipality	R 91 519m
Ilembe District Municipality	R 93 997m
King Cetshwayo District Municipality	R 270 787m
Ugu District Municipality	R 148 433m
Umgungundlovu District Municipality	R 199 760m
Umkhanyakude District Municipality	R 202 605m
Umzinyathi District Municipality	R 111 350m
Uthukela District Municipality	R 61 586m
Zululand District Municipality	R 187 350m
Grand Total	R 1 789 962m

The Department has spent R1 789 962 297 against R1 626 804 068 representing 110% expenditure.

4.7 Expanded Public Works Programme

The job creation imperatives of radical socio-economic transformation is ably

implemented through the Expanded Public Works Programme (EPWP). The provincial coordination of EPWP is in the Public Works ambit. The Department had set targets of 6 000 work opportunities and 600 FTEs to be completed by the end of 2016/17. I am pleased to inform the House that the target was exceeded and that 6286 work opportunities were created translating into 873 full time equivalent work opportunities. These figures remain preliminary until the national Department of Public Works validates the data at the end of April 2017.

The Department took over the provincial co-ordination and monitoring of EPWP on 1 April 2015. There are 73 public bodies (municipalities and provincial departments) reporting on the programme. The Department implemented three interventions to facilitate reporting namely, the EPWP Indaba, workshops and working sessions.

The combined achievements across all departments and municipalities is 141 800 work opportunities created against a target of 167 000 in KwaZulu-Natal. Additional data is currently being captured in the reporting system. The Department is undertaking the necessary to support public bodies to capture data in order for the Province to optimally demonstrate its performance.



The depth of the impact of the Expanded Public Works Programme (EPWP) is demonstrated by the fact that the Province has posted performance data that makes it a leader in implementation in the country. Pictured here are beneficiaries from Richmond.

The budget cuts faced by all public bodies has in one way or the other led to a slight decrease in the creation of employment opportunities. The allocation of the EPWP Integrated and Social Grant is providing a measure of relief as more work opportunities are being created utilising these grants.

We highlight below some of our best practice models in the EPWP.

4.8 Youth Environmental Service programme

The Department implemented the R5.5m Youth Environmental Service programme in Kokstad. The aim of the programme is to instil a sense of pride and community among our youth through training and service delivery within their communities.

Eighty learners were recruited through Operation Sukuma Sakhe (OSS). They were trained in areas such as personal budgeting, buying on credit, banking products, communication, customer care, health, and hygiene and food preparation. Additional activities included waste collection, street cleaning and maintenance of cemeteries.

The budget was allocated for accredited training for the beneficiaries, with the aim to ensure sustainable livelihoods beyond the project period. The beneficiaries received a stipend during the programme.

Honourable Chairperson, I am pleased to introduce to the House three beneficiaries from Kokstad who are my special guests in the public gallery. Having visited Kokstad regularly over the past year, I can assure the House of the real social and economic impact that the programme has had on changing the lives of our people.



EPWP beneficiaries in Kokstad were fortunate to receive bicycles to enable them to do their work in the community. The aim of this particular programme is to instill a sense of pride and community among our youth through training and service delivery within their communities.

4.9 Community Works Programme

Please allow me to also make brief reference to the Community Works Programme which is an employment safety net. It is a National-funded programme implemented at the local municipalities and driven through partnerships between community, government and civil society.

The CWP offers regular part-time work to participants at a rate of R 90.00 per day as the minimum required by the Ministerial Determination. The participants work eight days per month on an ongoing basis and it is not project linked.

The Province implements the CWP in local municipalities including the Metro. Only 36 municipalities are currently active with plans underway to get all municipalities on board. I am pleased to report that 2 877 beneficiaries have been employed on the KZN programme.

4.10 EPWP Schools Maintenance Programme

The EPWP Schools Maintenance Programme is a Departmental innovation that was originally conceived to benefit 4000 beneficiaries in five district municipalities in KwaZulu-Natal. It has since grown. By the end of the 2016/2017 financial year the programme supported more than 5 000 beneficiaries in over 3 000 schools across all district municipalities and a metro in the Province.

The programme aims to assist poor, non-fee paying schools with basic maintenance of school grounds, premises and buildings to ensure children are able to learn in clean and conducive environments. This is done through the deployment of youth beneficiaries who perform the maintenance tasks. The programme is implemented in co-operation with the Wildlands Conservation Trust and in partnership with the Department of Education.

Honourable Speaker, I am delighted to inform the House that this programme was visited by the Public Employment Programmes Inter-Ministerial Committee (PEP-IMC) led by the Deputy President. Our team was invited to present at a formal sitting of the PEP-IMC in September 2016.

The committee resolved that the KZN EPWP School Maintenance Programme should be replicated throughout the country. The Department is justifiably proud of the accolades received and the impact the programme has had in empowering our youth in the Province. In the 2017/2018 financial year, more than 3 000 young people will be employed through the programme.

4.11 Izandla Ziyagezana

The task of creating sustainable jobs through the Izandla Ziyagezana programme has yielded good results over the past eight years. The focus is on increasing the participation of women and people with disabilities. During the 2016/2017 financial year the target of 430 job opportunities was exceeded as the Department notched 549. A total of 425 women and 7 people with disabilities benefitted from the programme. The job opportunities created in 2016/2017 will be sustained during the 2017/2018 financial year.

4.12 Construction Education and Training Authority (CETA)

The Department is in partnership with the Construction Education and Training Authority (CETA). The programme entails training individuals in technical accredited skills to improve their employability. It provides opportunities for work experience, skills development and support to gain access to economic and further learning opportunities.

A total of 570 participants benefit from this programme. The Department contributes R 5 million from its budget for project management, learner material, facilitation and day-to-day management. This programme represents enormous potential in equipping our youth to take advantage of the opportunities emerging in the construction sector.

4.13 Eyesizwe Contractor Development Programme

Honourable Chairperson, please allow me to now turn to one of our flagship empowerment interventions. The Eyesizwe Contractor Development Phase 2 call was published in late April 2016 in the local newspapers and the government gazette.

The new applications were put on hold while the over 2000 applications received earlier were processed. The delay was on account of the vast majority of those applications not meeting compliance criteria.

As the beneficiaries grow their skills and climb to higher levels of CIDB grading they will be empowered to compete in the procurement processes of the infrastructure budget. Targeted procurement for Eyesizwe Contractor Development participants is projected to increase to R500 million in this financial year.

We are confident that this programme shows demonstrable social and economic impact in advancing radical socio-economic transformation. It has had a compelling impact on the race, age and gender profile of beneficiaries in the construction industry in our province. Currently there are over 2600 Eyesizwe contractors on the database who stand to benefit from government contracts.

4.14 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 entire value chain for achieving the objectives of radical socio-economic transformation in general and construction materials in particular. The operating model and final costings of the Construction Centre of Excellence will be completed by the end of the Second Quarter and budgetary implications dealt with in the adjustment budget.

4.15 Inkululeko Development Projects

As reported previously, the Inkululeko Development Projects is an integrated multi-purpose and multi-sectoral, interdepartmental project led by the Premier aimed at the transformation and empowerment of our rural communities.

Our intervention in the Ndumo area has been through a decisive rural development strategy that includes education, health, job creation and economic development elements. We anticipate that the new roads infrastructure will play a vital role in attracting investors to Ndumo which will in turn improve the local economic development prospects of the area.

Employment opportunities were created through the New Model High School, Library, Ndumo Mall and Social Development Offices. EPWP alone created 893 job opportunities.

The Mandla Mthethwa Comprehensive High School at Ndumo is not yet operational. The expected date of practical completion is in the third week of May 2017. Certain buildings will however be handed over to Education on 26 April 2017 for IT installation.

The multi-year budget is estimated at R1, 608 billion. The Province can be justifiably proud of this project in making a positive impact on improving the quality of life of our rural communities.



The Premier, TW Mchunu, led a delegation of the Provincial Executive Council to the Inkululeko Development Projects to get a first hand assessment of the progress with this important rural development which includes the Mandla Mthethwa Comprehensive High School.

5. SMALL CRAFT HARBOURS

The national Department of Public Works has embarked on a small craft harbours programme that has exciting possibilities for KwaZulu Natal. This is part of the national effort of realising the full potential of our ocean economy. The State of the Nation Address alluded to R100m being allocated to this programme nationally. We have engaged the national department with the view to benefitting from this budget. The

national department has begun engaging several relevant coastal municipalities with potential to take advantage of the opportunities. The Department has undertaken to champion the interests of our municipalities in this programme. A report will be tabled before the Portfolio Committee as soon as there is substantive progress.

6. PUBLIC WORKS CONFERENCE CENTRE

In 2017/18, the Department is allocated R4.776 million for the Public Works Conference Centre in Mayville for sound proofing the main facility and conversion of an existing building on the premises into a dining facility.

We are pleased to report that the facility is booked by government departments almost every day. The decision to invest in the creation of this facility has therefore been completely vindicated.

7. PROJECTS PLANNED FOR 2017/18

The Department is accessing a steadily increasing stake in provincial projects consistent with the mandate of “implementing agent of choice”.

Looking forward to the 2017/18 year, Public Works anticipates a substantial budget for capital projects of approximately R1.8 bn on behalf of client departments. Prominent among these projected allocations is a budget for the refurbishment of the Teachers’ Training Academy, completion of the Ndumo Rental Stock Housing and planning of the new Provincial Maritime School.

Sector Department	Projected Budget Allocation in Rands	No. Of Projects
Agric & Rural Development	48 081 000	52
Arts & Culture	2 919 000	8
COGTA	3 023 000	10
Education	931 000 000	2278
Health	535 250 000	223
Human Settlements	228 920 000	8
Premier	10 182 000	8
Provincial Parliament	787 000	6
Public Works	67 664 000	53
Social Development	34 673 000	23
Transport	20 675 000	62
Total Projected Budget	1 883 174 000	2 731

8. 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.

The commitment to good governance and fair value for money will inform the year ahead as well.

Despite the challenging economic conditions and limited budgets we are determined to make every rand that we have count. We are committed to inspiring our people with hope that a better life is possible and that we are a caring government.

In the words of a renowned statesman: "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

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 former Head of Department Mr Roger Govender, current acting HoD, Mr Thulani Mdadane, executive and staff at all levels is duly acknowledged.

I must also thank our client departments; mayors and municipalities; 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
Administration	R382 684 000
Property Management	R678 491 000
Infrastructure	R445 776 000
Total	R1, 506 951 000

Ngiyabonga

NOTES

This image shows a full page of blank handwriting practice paper. It features approximately 20 horizontal green dashed lines spaced evenly across the page. The background is white, and there are no margins or other markings present.