

Department of Public Works Budget Speech 2008/2009
Vote 14

Address to the Provincial Legislature by
Honourable Lydia Johnson, Member of the Executive Council
KwaZulu-Natal Works

Mr Speaker
Honourable Premier
Executive Council Colleagues
Honourable Members
Distinguished Guests

Introduction

Mr Speaker, it is a great pleasure and honour to present the Budget Policy Speech for 2008/2009. Mr Speaker, Sir, the founding document of our noble democracy, the Freedom Charter, assured the people of South Africa, 50 years ago, that: “The national wealth of our country, the heritage of South Africans, shall be restored to the people.” One is proud to assert that, even today, we are greatly inspired by this statement, made by those who dared to speak of freedom – and, in doing so, gave us a vision of the future and a measure of our progress.

Our government works tirelessly towards the realisation of this vision of a prosperous land that truly belongs to all of its people, by ensuring that there is indeed a sharing of resources and the national wealth. In this financial year 2008/2009, the Department commits to restoring the dignity of our people through economic programmes and to creating work opportunities that help build a better life for all. The Department further commits to being an effective part of the government machinery that drives the war against poverty, the greatest enemy of our people that was purposely created by colonialism and apartheid.

Reporting on the Budget for the KwaZulu-Natal Department of Public Works is, on the face of it, an exercise in highlighting the challenges and achievements of the past financial year. Yet it also charts a journey in which we turn stumbling blocks into building blocks, in which we carve out stepping stones to a better future. This is the logbook, if you like, of our endeavours to further the Department's theme of "building communities through construction" – as people and communities are the very core of any democratic dispensation.

Similarly, in presenting the People's Budget for 2008/09, Finance & Economic Development MEC, Dr Mkhize, recapped on the "Step wise, rise to prosperity strategy" which has underpinned the province's economic development efforts aimed at forging prosperity out of poverty. Dr Mkhize also commented on how the aspirations of our people, as expressed in today's roadshows and izimbizos, do not differ, in essence, from the declarations made at Kliptown's Congress of the People all those years ago. He rightfully pointed out: "This proves that we still have a lot of work to do."

In his State of the Nation address, President Mr Thabo Mbeki emphasised the tasks that lie ahead of us in our young democracy as challenges that call for extraordinary dedication and a sense of urgency from the public service.

He said: "The entirety of our system of governance is therefore making the commitment that, in the period ahead of us, it will do its best to live up to the imperative – Business Unusual! We speak of Business Unusual not referring to any changes in our established policies but with regard to the speedy, efficient and effective implementation of policies and programmes, so that the lives of our people should change for the better, sooner rather than later.

"More than at any other time, the situation that confronts our nation and country, and the tasks we have set ourselves, demand that we inspire and organise all our people to act together as one, to do all the things that have to be done, understanding that in a very real sense, all of us, together, hold our own future in our hands!"

In Premier Dr Sibusiso Ndebele's recent State of the Province address, he said: "In these times of sometimes bewildering change, we need to create the conditions for interdependence and interconnectedness which are central for a caring society."

Our Premier also reminded us of the key pillars of the province's economic strategy, which underpin many of the endeavors of the Department.

He said: "The province's own economic development strategy, which was developed over the past three years, aims to:

- Transform the structure of the provincial economy, narrowing and eventually eliminating the gap between the first and second economies;
- Increase investment in the province;
- Build skills and capacity;
- Broaden participation in the economy; and
- Increase competitiveness.

These are the fundamentals which have set the benchmark that the Department has worked towards over the past financial year.

In this spirit, Honourable Members, I would like to briefly refer to some of the APEX priorities, as identified by the Honourable State President in his State of the Nation address, which inform many of our programmes in 2008/2009.

The following seven main categories of APEX priorities relate to the Department's portfolio, and we are committed to driving their implementation. The President referred to the further acceleration of our economic growth and development, and to speeding up the building of infrastructure, which obviously pertains to the Expanded Public Works Programme endeavours, while synergising with its War against Poverty (project 8).

He spoke of improving the effectiveness of our interventions directed at the Second Economy, which ties in with the Department's programme on Second Economy interventions (project 9) as well as its efforts to render assistance to small and medium enterprises, including government procurement activities (project 13). The Department of Public Works is also implementing measures to resolve organisational issues with regard to skills development (project 5) and to regularise employment and KPA at designated levels (project 15).

Finally, the President referred to the need to further strengthen the machinery of government to ensure it has the capacity to respond to development imperatives. The Department has a programme in place to ensure integrated planning across all spheres of government (project 16), as the only way that the EPWP can work is through effective partnerships across Departments.

Mr Speaker, the tasks lying ahead of us include deliberately implementing the identified government top priorities. As members are aware, the work of this Department is divided into three programmes:

1. Administration
2. Real Estate and Property Management
3. Operations and Professional Services

Programme 1: Administration

In essence, the programme provides general management support and advisory services to the Department. Its role incorporates providing support to the MEC, Head of Department and the entire department through rendering advice and support on human resources practices and legal matters, as well as delivering effective financial management services.

Corporate Services

Corporate Services is the chief directorate responsible for Human Resources Management, Labour Relations, Auxiliary Services, Policy Development and Information Technology. The common thread running through all of its endeavours is support service to ensure there are resources to deliver on the programmes of the Department.

In my last Budget speech, I undertook to intensify the Department's Internship Programme. I am pleased to report that the Department recruited seven interns: four architects, one quantity surveyor, an electrical engineer and one mechanical engineer. The Department's interns are gaining practical exposure to project design, project management and other learning areas – a requirement for their registration as professionals. One intern has left the programme to take up employment with a municipality.

While, in the past, the Public Works Bursary Programme focused on all disciplines, it has been restructured to focus on degrees, to meet the demand for degreed professionals in this sector. The Department is also looking at forging a partnership with the Department of Education to identify matric pupils who demonstrate the potential to move on to university level. One such example is Simiso Mathonsi from Umlazi Comtech, who, despite coming from a disadvantaged background, achieved seven A symbols in his matric results. He is a shining example of the type of talented and enterprising youngsters out there. The Department has offered him a full bursary to study towards electrical engineering.

A need to intensify and extend the Internship Programme has been identified and the Department looks forward to recruiting interns in other areas such as Supply Chain Management, Finance and Real Estate.

To deal with the issue of a scarcity of skills in the built environment, using a more strategic approach, the Department has an approved Bursary and Internship policy in place as well as a Mentorship Programme. A Scarce Skills Action Plan has been compiled, which will be implemented in 2008/2009. These initiatives will address the skills shortage over the medium term.

As a short-term measure to alleviate the skills shortage, the Department is benefiting from a national initiative to make use of professionals from Cuba. As a province, we received 11 Cuban professionals, some of whom were deployed in the previously disadvantaged regions of the North Coast and Midlands, where resources are urgently needed. They included six architects, three civil engineers and two electrical engineers.

Adult Basic Education Training

Despite the considerable progress our Department has made with literacy training, we still have officials who are illiterate. Following the example set by the Office of the Premier's Masifundisane Literacy Campaign, the Department's ABET programme progressed very well during the 2007/2008 financial year. Out of the 507 employees who participated in ABET classes, 215 passed isiZulu: level 1 and 113 passed isiZulu: level 2. Two hundred and four participants passed Communication in English. Our aim is to eradicate illiteracy in the KwaZulu-Natal Department of Public Works by 31 March 2009.

The rationale behind the provision of basic literacy training to our workforce is eloquently expressed by former United Nations Secretary-General Kofi Annan: “Literacy is a bridge from misery to hope. It is a tool for daily life in modern society. It is a bulwark against poverty, and a building block of development, an essential complement to investments in roads, dams, clinics and factories. Literacy is a platform for democratisation and a vehicle for the promotion of cultural and national identity. Especially for girls and women, it is an agent of family health and nutrition. For everyone, everywhere, literacy is, along with education in general, a basic human right. Literacy is, finally, the road to human progress and the means through which every man, woman and child can realise his or her full potential.”

Employment Equity

The Employment Equity Act calls for a representative workforce in terms of gender, race and people with disabilities. Last year I reported that the Department had seven women in management, from level 13 upwards. The Department increased the number to eight. This constitutes 23% of the 50% representation required by 31 March 2009. However, in January 2008, one female took a transfer to one of the provincial departments. The number of women on levels 11 and 12 is twenty. With regard to the employment of people with disabilities, the Department is currently at 1% as against the set target of 2%.

Filling of Posts

The Department prioritised 457 posts, of which 308 posts were filled by 31 March 2008. Fifty-one of the appointees were to fill positions in the professional and technical fields. I must say, Honourable Members, that this in itself indicates the shortage of these skills in the market. Some of the posts were advertised more than twice.

Mr Speaker, as many of the Honourable Members will appreciate, personnel are an asset but not a fixed asset. Hence the progress we make in filling some posts is often stymied by the fact that personnel in other posts do, from time to time, move on to new pastures. It is the Department's aim to balance the filling of posts with retention of personnel in future.

To achieve this, we are providing a framework for employee mobility in the Department and have developed a Draft Transfer Policy. In managing employee exits from the Department, we have compiled a Draft Exit Interview Questionnaire, in line with the DPSA directive, which will assist the Department to develop a retention strategy.

Public Sector Transformation

The Department is fully committed to meeting the challenges of accelerated service delivery. This requires the application of many innovative approaches and a relentless striving to pursue the Department's Transformation Agenda, which much of this Budget Speech deals with.

Management has continued to implement Operation Shonaphansi in the various district offices. This, Honourable Members, is a useful strategy to manage service delivery and to ensure that support, mentorship and guidance is provided at the coalface of service delivery, combined with monitoring and evaluation to ensure accountability. As an extension of Operation Shonaphansi, from 5 - 9 November 2007, the Department held a Public Service Week in the Midlands region. The Midlands is currently being given support to address issues identified as requiring attention. This initiative will be intensified during the 2008/2009 financial year.

FINANCE

Compliance

In line with the requirement that members of senior management services submit financial disclosure forms, all members submitted disclosure forms for 2007/2008. They also signed performance agreements.

Fraud Prevention

Since one of the main functions of the Department of Works is the procurement of services for construction, which involves working with various stakeholders, the Department is susceptible to fraud and corruption. Risk management, and its mitigation, is therefore a responsibility of every Department. As I reported last year, the Department had developed a fraud prevention strategy in the fraud prevention workshops held in all Regions and Districts. In the 2007/2008 financial year, 425 officials attended workshops, bringing the total number to 1432.

High Profile Disciplinary Cases

Mr Speaker, while the Department's staff attend workshops on fraud prevention, it is also critical to ensure that those caught engaging in such activities are dealt with decisively. These are usually classified by the Department as high profile misconduct cases. In addressing backlogs in high profile disciplinary cases, the Department has established a unit, with the sole purpose of concluding all outstanding fraud and corruption cases. This unit, which was formed in January this year, has dealt with 16 disciplinary cases relating to fraud and corruption, resulting in five dismissals. The remaining cases are ongoing.

Supply Chain Management

One of the major focus areas of the Department is to ensure Broad Based Black Economic Empowerment, and this is done through the normal procurement processes. In terms of projects awarded in 2007/2008 to previously disadvantaged groups, which are a priority of the state, the following can be reported:

- 36 % were awarded to Women, totalling approximately R360 million;
- 50 % were awarded to Black Africans, totalling approximately R495 million; and
- 19 % were awarded to the Youth, totalling approximately R190 million.

Mr Speaker, the Department has indeed progressed on its journey to close the gap between the "haves" and "have-nots".

PROGRAMME 2: REAL ESTATE

Honourable Members, I turn now to Real Estate matters, which form a core function of this Department. This section is subdivided into the following:

Real Estates Services, which includes all forms of acquisition and disposal and includes the hiring and letting of properties;

Asset Management, which encompasses the new function relating to the devolution of payment for property rates, co-ordination of the registration of properties and management of the Asset Register .

Co-ordination of the implementation of the Government Immovable Asset Management Act, 2007 (GIAMA), which requires the co-ordination and management of custodian and User Asset Management plans. This forms a very important function of Asset Management.

Firstly, I must indicate that the changes to legislative and policy mandates, have broadened the functions of Real Estates considerably, resulting in the Department considering a restructure of its organogram.

Before I move on to specific aspects of Real Estate, I would like to indicate that the financial year ahead of us is bringing with it a host of new legislation, as well as new programmes and functions that the Department is charged with implementing. These include the devolution of property rates, the implementation of the National Infrastructure Maintenance Strategy and the implementation of the aforementioned Government Immovable Asset Management Act.

Mr Speaker, before dealing with the 2008/2009 Budget issues, let me briefly take this opportunity to report to Honourable Members on some of the Real Estate matters that I raised in my Budget Speech last year.

Fixed Asset Register

Of particular importance to the Real Estate division is the progress made with implementation of the Fixed Asset Register. The implementation of the register is divided into two phases, the first pertaining to the population and verification of the register itself and the second encompassing the customisation of the register to cater for specific real estate functions such as the inclusion of hiring, acquisitions and disposals. To date, in Phase 1, some 10 761 facilities have been captured on the register.

In Phase 1, the emphasis has been on the verification of data, using the existing records of the KwaZulu-Natal Department of Works and information obtained from the National Department of Public Works as well as on the cross-checking of records from client departments. In the new financial year, the training of user departments is one of our priorities.

Mr Speaker, there are a number of properties, that need to be transferred to the province of KwaZulu-Natal, which requires a systematic management process. This task will be undertaken during the 2008/2009 financial year. Although many of these properties vest in and, as such, are the property of the Provincial Government in terms of various Acts, they still need to be physically transferred into the name of the Provincial Government.

Eviction of illegal occupants

One major challenge facing the Department, as the custodian of state property in the province, is the illegal occupation of government houses. This has also been an issue in the past. I am glad to report to the House that the process of eviction is taking place and, to date, 16 have been evicted in Ulundi. A further four orders have been granted and the balance are still in the court process.

Furthermore, the Department undertook an investigation into the illegal occupation of state properties. A total of 3 202 properties were visited in 11 districts in the province. Of the properties visited, which included residential properties, offices and vacant land, 287 properties were identified as illegally occupied. A plan is being formulated to deal with this matter, which has huge financial implications.

Mr Speaker, now I wish to turn to the coming financial year and highlight some of the matters which the Real Estate components will be tackling.

Property Disposal Strategy

In terms of our broad mandate to approach activities from a cost-effective premise, the Department has had to formulate a policy for the disposal of redundant provincial properties. This translates into a saving in rates payments and on security and site clearance. This strategy, which will assist Government in making projections on properties requiring disposal, will be approved in 2008/2009.

I must say that before disposal, the normal process will be followed, which involves: Informing Government Departments of the intention to dispose of a property and ascertaining whether they will need it, then offering it to National Government Departments and to the Land Claims Commissioner for land reform purposes. Thereafter, if the property is not required by the above organs of state, it is offered to the local authority. If it is still not required, then it is to be disposed of by competitive bid, applying BEE principles.

Devolution of Property Rates

In 2007/2008, I reported that the devolution of property rates was going to take place. However, this process was delayed and it will only take place in 2008/2009. I must say, Mr Speaker, that the Department is ready to take on this function. As a province, the Department has, from 1 April 2008, effectively taken over this function. A conditional grant of R210-million has been allocated in the 2008/2009 financial year to pay these municipal rates. I must say that much as this function has been devolved, provision has not been made for the human resources required to undertake the task. The necessary arrangements have been made for the training of existing provincial staff to handle payments.

Government Immovable Asset Management Act

This Act governs the management of all state-owned immovable assets and was signed by the State President in November 2007. Preparations for the implementation of the Act in the 2008/2009 financial year are already under way. They include; the training of personnel, the conducting of assessments of

provincially owned properties and the preparation of User Asset Management Plans (U-Amps). These plans, which need to be prepared for each Department, are comprised of a Strategic Needs Assessment, an Acquisition Plan, an Operations Plan and an Immovable Asset Register Plan. The process also involves the preparation of a Custodian Asset Management Plan for each immovable asset throughout its lifecycle.

The Honourable Members will no doubt appreciate the tremendous workload such measures entail. While steps have been taken to strengthen Real Estate components to face these challenges, additional funding will be required to deliver extra capacity for the initial planning and preparation phase. For instance, the estimated valuation of all provincially owned land parcels could involve in excess of R50 million in valuation costs. With this in mind, the use of municipal valuations is being investigated as some municipalities have already embarked on a systematic valuation of all properties to facilitate the new municipal rating legislation. As a Department, we are also looking at increasing the capacity to conduct valuations so as to curb the exorbitant costs charged by outside valuers. This will also prepare the Department insofar as it will ensure valuations are undertaken annually, in line with the Property Rates Act.

Property Incubator Programme

Honourable Members of the House, in introducing the Budget for the 2008/2009 Financial Year, allow me, Mr Speaker, to share with you a very exciting project, which the Department will be undertaking during the course of the year, known as the Property Incubator Programme. The project, which is aimed at encouraging women and the youth to participate in the property sector, has the following key objectives:

- To facilitate the process of skills transfer from the emerged to the emerging markets in the property sector;
- To provide a platform for the development of a holistic approach to the property industry; and
- To contribute to the generation of skills within the property sector.

The process involves the capacity building of selected individuals in various aspects of property management, including facilities management, property inspection and assessment and the acquisition and disposal of land.

The target market includes:

- Unemployed women and youth with formal qualifications;
- Experienced women and youth with no formal qualifications; and
- Interested women and youth who have the proof to indicate interest.

Training, which will be carried out in partnership with the private sector, will not only consist of property management-related matters but will also encompass life skills, business management and entrepreneurial skills. Seventy-five individuals will be selected for training over the next few years. Advertisements are currently being prepared for the programme and individuals will be selected in all District Municipalities to ensure a good spread of trainees across the province.

All of these endeavours are in keeping with the spirit of the Property Transformation Charter, which embodies the property sector's commitment to achieving substantial change in the racial and gender composition of ownership, control and management in the sector.

PROGRAMME 3: PROVISION OF BUILDINGS, STRUCTURES AND EQUIPMENT

The main purpose of this programme is the erection of buildings and structures in line with Department's infrastructure plans and available budget. This service is delivered through the Expanded Public Works Programme, which provides an enabling environment for affirmative business enterprises and embraces the Integrated Infrastructure Improvement Programme (IDIP).

While timeous service delivery and the provision of quality infrastructure are the fundamentals that underpin all the programme's undertakings, the working environment presents many challenges, particularly when Departments submit their Infrastructure Plans late, resulting in the need to fast-track projects. All

Departments are urged to submit their plans eight months in advance to allow for forward-planning and accurate projected expenditure. This also allows for the setting of achievable milestones.

Another task of this programme is the maintenance of government buildings, which, once again, has to be a planned exercise. Planning is integral to the very nature of our work. Without the space to plan, we are effectively hamstrung and at the mercy of negative public perception. When members of the public see a government building that has not been maintained, the Department of Works is in the firing line.

Mr Speaker, I want to point out that the Department can only act when instructed by sister or client Departments, and when there is a confirmed availability of funds to renovate or upgrade that particular facility. It must be our goal, as government, to prioritise maintenance – as prevention is always better than cure.

The importance of this Programme lies in the fact that infrastructure is the cornerstone of development. Regarded as a key factor in the economic emancipation of our citizens, it has been granted a very high priority on government's national agenda. With this urgent mandate foremost in our minds, we cannot and must not allow an environment in which our people are disadvantaged through an underexpenditure on infrastructure.

Infrastructure Delivery for 2007/08

Department of Education

Mr Speaker, the Department of Education is one of our major departments in infrastructure delivery. For the 2007/8, a sum of R495-million was allocated for infrastructure delivery to the Department of Works. The Department has spent R484,10 million of an allocated R495 million, which represents an overall expenditure of 98% of work allocated to the Department.

The Department of Public Works carried over the implementation of 90 classrooms and 1 573 toilets from the 2006/07 financial year, of which 90 classrooms and 1 126 toilets have been completed. The remaining 447 will be completed during the course of the 2008/2009 financial year. Forward-planning is critical in ensuring 100% expenditure. I must further state that the Infrastructure Plan for 2008/2009 was received during the month of March 2008.

Department of Health

The Department of Health submitted its Infrastructure Plan for 2007/2008 in August 2007. While the new financial year had already started, their submission was appreciated and various fast-track mechanisms were put in place to plan and implement projects.

A budget allocation of R632 356 622 was received but this amount was reduced in December 2007, as a result of budget constraints. The new allocation was R550 998 794. An amount of R530 998 794 was spent, which represents an expenditure of 96%.

With regard to the Department of Health's Revitalisation Programme, a Budget allocation of R258 865 578 was received and an amount of R231 906 122 was spent by the end of March 2008. This represents 90% of the budget spent.

Mr Speaker, Sir, even though the Infrastructure Plans for 2008/2009 were received during the month of March 2008, which is late, the Department will try its best to ensure the fast-tracking of these projects.

Department of Public Works

The Department has made progress in the expenditure of budget. The overall budget for its own infrastructure was R57.4 million and expenditure was R55,3 million, which represents 96%.

Infrastructure Delivery 2007/2008:

The Department of Public Works' Ixopo Office Park project is in the design stage, and will be advertised in May 2008. Office accommodation for Public Works' Head Office is also in the design stage. An additional office block for the Department's Southern region District Office is on site and nearing completion. The project for the new Nongoma District Office (North Coast region) will be advertised in April 2008. An offer to purchase land was made for the Mkhuze District Office in the previous financial year. This process will be finalised in 2008/2009 and we intend to fast-track the implementation of the construction of this office.

Other Departments

Mr Speaker, it saddens me to say that last year I stood in this House and reported almost the same thing that I am about to say. Mr Speaker and Members of the House, for the Department of Public Works to deliver timeously, it needs to be allocated Infrastructure Plans early enough to commence with planning. A number of reminders were sent to Departmental Accounting Officers but none provided comprehensive information or Infrastructure Plans and budgets, with the exception of the Department of Arts, Culture and Tourism and the Department of Social Development.

Other Departments provided adhoc projects for implementation. Without an Infrastructure Plan, with proper MTEF budgets, indicating precisely what work is expected from Public Works, it is very difficult to assess the backlog, the challenges, to set targets, deliver against targets and realise expenditure timeously. It is critical that we are provided with plans eight months in advance to allow for effective planning and for Real Estate issues to be resolved before construction takes place.

Disability Compliance

The Department is busy conducting A Disability Compliance Audit of government buildings, the results of which will be forwarded to Departments for planning and budgeting purposes. This is in keeping with the call to make all government buildings friendly to people with disabilities, as listed in the APEX priorities.

Generally speaking, government buildings and complexes built after 2004 include facilities for the disabled. Furthermore, in some cases, where renovations and repairs have been undertaken to the pre-2004 buildings, such alterations have been disability compliant.

Mr Speaker, I'm sure many Honourable Members read a recent newspaper article in which our national carrier South African Airways was branded a human rights violator for failing to provide adequate boarding equipment for disabled passengers at airports. The SA Human Rights Commission maintained that disabled passengers were transported to and from SAA aircraft in adapted catering vehicles and manually loaded on to and off planes. Even worse, it was recently reported that a group of disabled people were forced to crawl out or be carried out of an aircraft at OR Tambo International Airport.

Mr Speaker, for far too long disabled people have been marginalised – and they deserve better. The Department is committed to ensuring that disabled people enjoy reasonable and dignified access to government buildings and facilities. This, however, will require an integrated response from all government Departments as they will have to ensure proper financial planning for the Department of Public Works to undertake this task.

Infrastructure Delivery Improvement Programme

With the aim of aligning the Infrastructure Delivery Cycle with the Budget Cycle and strengthening the budget preparation process, we have piloted the Infrastructure Delivery Improvement Programme jointly with Treasury. The programme has been piloted to the Department of Education and is in its introductory stages with the Department of Health. Bearing in mind Finance and Economic Development MEC Dr Mkhize's emphasis on building the economy through partnerships, the Department is actively strengthening

its relationship with the Departments of Education and Health, both of which are at the coalface of social development.

And while we build relationships to facilitate better planning, we are also in a position to take cognisance of current events happening around us, to take heed of the utterances of our leaders – all of which should enable us to identify other areas as planning priorities.

In concluding this section, I would like to briefly deal with Energy Saving internally.

In President Mr Mbeki's State of the Nation speech, he addressed the power crisis facing the country as follows:

“The national emergency represented by the current power outages poses the challenge and presents the opportunity to the entirety of our nation to give concrete expression to the call we have just made for all of us to unite in action and act in unity to keep our country on course.

“As government, our task is to now to lead and unite the country behind a campaign for energy efficiency that will address this challenge. Among other things, we must use the current adversity to ensure that our homes and economy become more energy efficient.

“There are concrete actions each individual, household and business can take ... An instruction has been issued for all government buildings to reduce their consumption of electricity and please feel free to name and shame those who do not.”

As a Department, we will continue to promote internal awareness and to monitor implementation in our offices. Let us all act now on the words of our President, by taking concrete action, by identifying ways in which we can reduce electricity consumption in government buildings – and by implementing the necessary planning and budgeting procedures to ensure that we overcome this challenge.

Second Economy Interventions

Identified as an integral part of the government's poverty alleviation programme, second economy interventions aim to bridge the gap between the country's first and second economies, one rich and developed, the other poor and underdeveloped.

As expressed by President Thabo Mbeki, in his writings on the subject: “We have it in our power to use our own intellectual and material resources to end this division. This we will achieve through a protracted process of engagement together with the poor, in a people's contract to push back the frontiers of poverty and eradicate underdevelopment.

“The purpose of our actions to impact on the ‘Third World economy’ must be so as to transform this economy, so that we end its underdevelopment and marginalisation. Thus we will be able to attend to the challenge of poverty eradication in a sustainable manner, while developing the ‘Third World economy’ so that it becomes part of the ‘First World economy’.”

As a Department, we have developed an internal Broad Based Black Economic Empowerment Strategy, in line with the provincial strategy, and its implementation will be monitored closely in the 2008/2009 financial year.

Expanded Public Works Programme (EPWP)

The Department of Public Works has infused the Expanded Public Works Programme's (EPWP's) labour intensive guidelines into all projects to increase labour absorption. To date, the EPWP has been surpassing all employment creation targets. The strides the Department has made in implementing the EPWP is testimony to its resolve to broaden participation in the economy and to develop skills.

The Department exceeded its target of creating 16 000 jobs in 2007/2008. By the end of January 2008, 18 205 jobs had been created. The Department will continue the massification of EPWP through construction-related projects of varying sizes, from building and maintenance to renovations and rehabilitation of unused government buildings and other properties. The Department has set a job-creation target of 20 000 jobs for this financial year.

Mr Speaker and Members of the House, I stand here proud that the Department won a provincial award at the Kamoso Awards, as the best Department implementing EPWP for the 2007/2008 period.

Izandla Ziyagezana

Drawing inspiration from the Department of Transport's Zibambebe Programme, the Department has developed a policy to use indigent people to clear vacant, provincially owned sites that are scattered across the province. Women and youth will be provided with basic training in site clearance and life skills. Because of the symbiotic nature of this programme, which establishes a relationship in which both parties win (one hand washes the other), this initiative has been named the Izandla Ziyagezana programme.

The Department has demonstrated just how effectively the public sector can deploy resources in infrastructure, thereby creating much-needed jobs. In the financial year ahead, the Department will continue to build local capacity, through skills development, and mobilise public and private sector resources to improve community facilities, with the emphasis on developing the skills of our youth. This project will be piloted in all the regions.

National Youth Service – Progress

As a Department, we adopted the National Youth Service, during the 2007/2008 financial year, playing a co-ordinating role and providing technical support. I am pleased to report that we have progressed well and currently there are 188 participants busy training, after which they will be placed on selected projects.

Some of the milestones that have been achieved include approval of a business plan for the NYS, by its Umsobomvu office, the approval of training service providers, the recruitment of 600 youth members and the commencement of classroom training. Of the 600 recruits, 188 learners in plastering and bricklaying are in class already and lessons for the rest will commence in 2008/2009.

The Umsobomvu Youth Fund and Youth Commission is expected to play a meaningful role with respect to capacity building and the project management of National Youth Service projects, and will also mainstream volunteer projects to create short-term training and job opportunities.

Additional projects will be launched, as part of the rollout of the National Youth Service Programme. The Umsobomvu Youth Fund promotes entrepreneurship, job creation, skills development and skills transfer among South Africans between the ages of 18 and 35.

Use of Youth in the Property Sector

One of the issues the Department will be tackling in the new financial year is the question of the implementation of the Property Management Strategy, developed by National Public Works which impacts, in particular, upon property we hire from landlords.

Honourable Members, I am not going to deal with the whole strategy but I do want to make particular mention of the involvement of the youth in property management. One of the approaches incorporated in the strategy, which we will adopt, is to encourage the landlords from whom we hire property, to make use of youth when they refurbish properties to meet our requirements. Landlords can source funds for these refurbishment programmes through the EPWP/NYS programme.

In addition, in the introduction to my speech, I gave a brief overview of the Property Incubator Programme, which we will be implementing during the coming year. As I indicated, the idea of this programme is to

identify and train some 75 women and youth across the length and breadth of KwaZulu-Natal. This training will incorporate Property management, Property Development, Real Estate and Property ownership. Seventy-five people will start training in the area of property evaluation.

Capacitation of our Stakeholders

We have continued to work with emerging contractors to assist them in overcoming various stumbling blocks they face and to ensure their inclusion in infrastructure projects. A programme aimed at facilitating the engagement of BEE contractors and consultants has taken place in the province.

As expressed by national Finance Minister Trevor Manuel in his recent Budget Speech: “Social transfers are just part of the war on poverty, and must be matched by investment in capabilities and opportunities through skills, economic expansion and development of social infrastructure. To fight poverty in a holistic manner, a developmental state must balance growth in social assistance with progress on other fronts.”

Following the lead of the Honourable Finance MEC Dr Mkhize's last People's Budget – which emphasised that listening to and serving citizens forms the cornerstone of people-centred democratic governance – the Department has worked with the people of the province to turn stumbling blocks into stepping stones. We listened when one of the problems consistently raised at Public Works' roadshows was difficulty in gaining access to the Contract Industry Development Board (CIDB) and its services and programmes.

The result was the establishment of a CIDB Outreach Centre in Durban, which became fully operational as of August 2007. At the end of January 2008, it had a total of 11 023 registered contractors on its database. Of these contractors, 781 have been upgraded. In the year ahead, my Department will commence with the planning of rural satellite centres in other District Municipalities.

Masakhe Emerging Contractor Development Programme

Mr Speaker, last year I committed to the development and implementation of the Masakhe Emerging Contractor Development Programme, with the aim of creating a protected environment for emerging contractors and facilitating skills development.

The Masakhe ECDP policy has been developed, adopted and workshopped. A database has been set up to record contractors' details, it has been interfaced with other user training undertaken and is ready for implementation.

Honourable Members, one of the programmes scheduled for development last year was the Emerging Consultants Programme. I must say that there has been slow progress on this and for the 2008/2009 period, it has been identified as one of the top priorities of the Department.

Fixed Rate Period Contracts

In the past, the Department did not have the necessary policy and administrative mechanisms in place to accommodate meaningful participation by emerging contractors.

The Department will utilise this ready supply of labour to fast-track infrastructure delivery. Thirty contractors per region operate on a roster system for six months to a year – with the emphasis on women, youth and priority population groups. We believe that this initiative will contribute immensely to economic empowerment.

Innovative measures such as this once again bring to mind our President's “Business Unusual” approach from his State of the Nation Address. When describing the level of effort required from each and every one of us, he said: “It is not often that a nation is called upon to strain every sinew of its collective body to attain a dream. And such is the injunction that history has imposed on us today.”

Payment of Contractors

Payment of emerging business people has been cited as one of the challenges faced by SMMES. As a Department, we are committed to pay within seven days through WIMS, provided all documentation from the service providers is correct, and within 30 days on BAS. Mr Speaker, I am pleased to report that we are receiving positive feedback from our service providers with respect to timeous payment.

LIAISON WITH STAKEHOLDERS

Contractor Forums

The Department has also developed a Contractor Forum Policy to ensure dialogue and engagement from its district offices – and at all levels. The process of launching these forums has already commenced.

Client Departments

The core of any service department is its relationship with clients. Accordingly, the Department of Works' Client Management Teams will extend their reach beyond the Departments of Health and Education, to incorporate all Departments.

Furthermore, the Department has also finalised the alignment of Service Level Agreements with the Infrastructure Development Improvement Plan and tailored staffing structures to facilitate strategic partnerships.

Conclusion

In conclusion, I would like to express my sincere appreciation and thanks to Dr FB Madlopha and her team of senior managers, regional managers and the entire staff for their hard work, support and co-operation in the compilation of the Department's Budget. A word of thanks must also be extended to the Oversight Committees for their guidance and support, that is, the Public Works Portfolio Committee, The Portfolio Committee on Finance and Economic Development and the Public Accounts Committee.

Looking to the year ahead, I would like to echo the words of the Honourable Premier Sibusiso Ndebele, from his State of the Province Address: “In 2008, we commit ourselves to meeting your aspirations through accelerated service delivery ... Your aspirations are our inspiration.”

And, as we continue to turn stumbling blocks into stepping stones, I am confident that it will be a case of “all hands on deck”.

Mr Speaker, it is now my pleasure to present the Budget for 2008/2009 for approval as follows:

Programme 1: Administration	= R186,4 million
Programme 2: Real Estate	= R225 million
Programme 3: Provision of Building Structure	= R 321,5 million
Total:	= R773 million

**SITHUTHUKISA IMIPHAKATHI NGOKWAKHA
BUILDING COMMUNITIES THROUGH CONSTRUCTION**

MASISUKUME SAKHE