

Budget Speech 2011/2012

Vote 14: KwaZulu-Natal Department of Public Works

Address to the Provincial Legislature by the Hon. Maggie Govender MPL,

Member of the Executive Council, KwaZulu-Natal

Madam Speaker;

Deputy Speaker;

Honourable Premier;

Executive Council Colleagues;

Honourable Members; and

Distinguished Guests

INTRODUCTION

Honourable Speaker, I stand here today to table the 2011/2012 Budget Vote for the KwaZulu-Natal Department of Public Works.

This speech is delivered at a time when there is great change in our world. There is social and economic upheaval in various parts of the world as well as numerous natural disasters occasioned in part by our neglect and abuse of our natural resources. In countries such as Australia and New Zealand as well as here at home there have been floods, fires and earthquakes. In Sudan, people have voted for the North and South to be separated and in North Africa we have had the Jasmine Revolution whilst the conflict in Libya persists.

Of great importance to all of us is the earthquake caused tsunami in Japan that has already claimed the lives of over 10,000 people. We all sit on edge hoping that the damage to the nuclear powered electricity plants do not slide into a full meltdown. This illustrates that there are always consequences for the choices we make – even if they reveal themselves decades later. In Public Works this is evident as the facilities and infrastructure that we build have to serve generations to come.

Indeed these are turbulent times and we must be guided by the lessons from what is happening.

It has become abundantly clear that we neglect our natural resources at our peril. We cannot continue using and abusing them at will. There has to be careful planning and implementation of measures to conserve energy, water and other natural resources. We have to collectively reduce our carbon footprint and do so by identifying alternate and renewable energy sources as well as methods of eliminating wastage and destruction of natural resources. Of specific relevance to all of us is the COP 17 international conference scheduled for December in Durban. This is a unique opportunity to harness to bring the matter of sustainable development into public discourse.

In his 2011 Budget Speech, Finance Minister, Mr Pravin Gordhan, called for the current generation of leaders in government and the private sector to lay a foundation that would grow our economy in the decades to come.

He called on South Africans to unite behind a single vision of where we want to be 20 years hence.

Furthermore, there needs to be consensus on what our growth path is and how each sector will play its role. Minister Gordhan stated that there needs to be both a short-term and a long-term view to address the current challenges of unemployment while laying the foundation for the next generation to come. He said, 'Our generation has the responsibility to lay a foundation for the next 30 years to come.'

So how do we get it right? We must look at the opportunities out there – transform obstacles into opportunities, be innovative and most importantly invest in our future.

Madam Speaker, the KwaZulu-Natal Department of Public Works is a service department that is charged with infrastructure development and property management.

Our mandate is:

- The acquisition of buildings and land for public use;

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

Skills Development And The Creation Of Jobs And Work Opportunities

The Department of Public Works contributes to the alleviation of poverty and unemployment by:

- Enabling our people to assist in building a better life for themselves.
This means employing labour intensive production methods;
- Significantly expanding public works programmes linked to the expansion of infrastructure to support social needs and foster economic development;
- Contributing to the national youth service programme and increasing the number of youth learnerships so that we build our skills base rendering more young people employable;
- Implementing the Expanded Public Works Programme so that our people access job opportunities while still working for the public good;
- Implementing programmes that target the skills development, training and employment of women, youth, the disabled and non-statutory force military veterans;
- Emphasizing a focus on the extent to which government and social priorities are met in procurement processes.

So, in essence we reach to the margins to provide services to the core so that sustainable development may ensue.

Our priorities

Our priorities as a department have been informed by the integration of the key national, provincial and sectoral policy priorities and objectives. The key priorities as set out by President Zuma are education; health; rural development and land reform; creating decent work; and fighting crime. In addition, the President has made it clear that the development of skills and the creation of decent work opportunities and jobs is to be prioritised by all government departments.

The green economy as identified in the National Growth Path offers great potential. To this end the KZN Department of Public Works will incorporate elements of the green economy into its programmes. A pilot programme that will be done in conjunction with sister departments and the private sector is envisaged to commence in Msunduzi in the 2011/2012 financial year. This programme will contribute to the creation of jobs and decent work opportunities, in line with what the President stated in his State of the Nation Address this year.

Madam Speaker, the work of the Department of Public Works is divided into three programmes.

Programme 1: Administration

The main objectives of this programme are to provide support to the Member of the Executive Council and the Head of Department, to render support and advice in terms of human resource practices and policies and in all legal matters, ensuring an effective communication and information management system, the provision of effective management advisory services and rendering sound financial management services.

The programme comprises two sub-programmes, namely Minister's Support and Management.

Programme 2: Property Management

Real Estates services constitute a core function of this department. The purpose of this programme is to provide and facilitate the provision of accommodation and management services to clients, achieve optimal utilisation of state fixed

assets, improve integrated service delivery, policy development and monitoring and evaluation. This programme also includes the leasing of buildings and land evaluation.

Programme 3: Provision of Buildings, Structures and Equipment

The main purpose of this programme is the erection and/or acquisition of buildings, structures and engineering works and the maintenance of buildings to client specifications. The core services are:

- Improving integrated service delivery in the provision of buildings and structures;
- Creating jobs through the Expanded Public Works Programme;
- Creating an enabling environment for affirmable business enterprises;
- Co-ordinating and aligning operational activities in line with municipal demarcations.

Review of Programmes

Here I will outline the main achievements and progress made by the department, as well briefly discuss challenges, new developments and the way forward.

PROGRAMME 1: ADMINISTRATION

Skills development

Madam Speaker, as we are well aware, our country faces a severe skills shortage. The Department has therefore invested in the development of our human capital to meet both the priorities of skills development and the building of internal staff capacity.

Adult Basic Education and Training (ABET)

The Department is committed to eradication of illiteracy, but due to financial constraints the ABET Programme could not be funded. Arrangements were made with our sister Departments of Education and Transport to assist and take over some of the ABET programme learners. Twenty five (25) learning centres have

been monitored. A total of one hundred and nine (109) employees are currently attending ABET classes as follows:

- Department of Transport - 33
- Department of Education - 37
- Masifundisane Programme - 39

Building internal capacity through the bursary programme

Bursaries were advertised to assist internal staff to skill themselves in a variety of relevant disciplines. Forty three (43) applications have been received and are being considered by the relevant committees.

Bursary Programme for external candidates

The challenge of capacity in the technical skills remains a reality in the construction industry. The Department's attempts to grow its own timber are yielding positive results. Eleven (11) bursary holders completed their studies in 2010, and one (1) completed prior to 2010. Of these, seven (7) were appointed within the Department and assumed duties in March 2011, five (5) have been appointed and are assuming duty in April 2011 and two (2) have been appointed and are assuming duty in May 2011. These bursary holders are to be appointed in the Works Inspectorate and Professional fields.

There are however difficulties with those bursary-holders who do not wish to continue working for the Department. It is not enough that they pay back the monetary value of the bursary that was awarded. The Department requires their skills. This has forced the Department to investigate the possibility of compulsory community service for professionals who have been awarded government bursaries. This, however, will have to be done in consultation with the other departments in the construction sector.

Internship Programmes

Six (6) interns are currently employed i.e. five (5) quantity surveyors and one (1) mechanical engineer. Professional Project Managers are hard to come by and they are in short supply. In order to address this gap we have appointed 10

candidate project managers. The posts of Professional Project Mentors and twenty five (25) Intern Project Managers have been advertised, applications have been received and appointments will be finalized soon.

Our internship programme is currently confined to the line functions of the Department i.e. Infrastructure Delivery and Property Management. The Department intends expanding the internship programme to include fields such as Finance where we are experiencing difficulties in attracting competent candidates.

Learnership Programme

Ten (10) learners have completed their theoretical studies at the eThekweni Region and are currently doing their practical training. They have completed trade tests during the month of January 2011.

A skills development programme has been implemented for twelve (12) learners at Midlands Region. The Southern Region is currently busy with assessments for potential learners as well as the appointment of a service provider to conduct learnership training. The North Coast Region is in the process of implementing learnerships for ten (10) learners.

Filling of vacant posts

There are currently one hundred and eighty nine (189) vacant posts as per the Human Resource Provisioning Plan. The Department is working on a fast track plan to have all these posts filled during the first and second quarters of 2011. The use of candidates and interns as indicated earlier is seen as the only viable solution to this challenge as this is a market-related and scarce skills challenge.

Procurement Targets as at the end of January 2011:

Procurement	Target %	Achieved %
PPG Female	40	32
PPG Male	20	33
BCA Female	5	4
BCA Male	5	7
White Female	5	7
Disabled	5	1
Youth	20	9
Women	50	39

Corruption and fraud management

In the 2010/11 budget speech I declared my commitment to rooting out fraud and corruption in the KZN Department of Public Works. In line with its commitment, the Department prioritised the investigation, prosecution, prevention and eradication of fraud and corruption. The Department applied for a Presidential Proclamation mandating the Special Investigating Unit to investigate a range of irregularities in the KwaZulu-Natal Department of Public Works. The Presidential SIU proclamation was gazetted in August 2010.

SIU investigations, prosecutions and recoveries have commenced with the final proclamation in Gazette 33506, dated 27 August 2010.

16 criminal cases have been registered with the South African Police Services. Misconduct cases involving staff have commenced with a dedicated team to ensure finalization within the specified time frame. The Department is currently putting a plan together to ensure that there is no disruption in service delivery during the time of the hearings and post hearings.

All officials were required to sign financial disclosures. All members of the senior management and 786 officials from Level 1 to 12 have submitted signed financial disclosure forms. An additional 307 employees did submit signed

financial disclosure forms however these were returned to officials for correction. Misconduct proceedings have commenced on the remaining officials for failure to comply.

The Department has a Risk Management Committee in place, to mitigate and minimise potential risks. All Senior Managers have had Risk Management Training. Strategic Risk Assessment and Fraud Risk Assessments have been conducted during this financial year.

To strengthen internal control within the Department, the Department took into account the findings of the Auditor General's 2009/10 report as well as areas covered by the KZN Provincial Treasury Internal Audit and management requests. 18 Compliance inspections were conducted to identify and mitigate weaknesses in systems and/or controls.

I am proud to announce that the KwaZulu-Natal Department of Public Works was rated as the top Provincial Department in the country in a National Minimum Anti Corruption Audit (NMACA Audit) conducted by the Department of Public Service and Administration. This audit covered corruption prevention within departments, preventing and managing risks, solid management systems and practices, access to report wrongdoing and integrity of the whistle-blowing system, and ongoing focussed training of employees.

PROGRAMME 2: PROPERTY MANAGEMENT

Izandla Ziyagezana Programme

One of government's key strategies to contribute to the alleviation of poverty and unemployment is the Expanded Public Works Programme (EPWP). The EPWP creates work opportunities coupled with training to ensure that workers gain skills while they work, and increase their capacity to earn an income in the future.

Izandla Ziyagezana is an Expanded Public Works Programme (EPWP) property sector initiative.

The Izandla Ziyagezana programme is the Department of Public Works' contribution to addressing the challenges of poverty and unemployment within our communities. Beneficiaries are indigent people who are contracted to clear

vacant state properties over an initial one-year period at EPWP defined rates of payment. The objectives of this program are to provide job creation opportunities to the poorest households in a community, with special emphasis on the target groups of women and the youth. The program empowers women and the youth by providing basic training in site clearance and life skills. This system of maintaining smaller provincially owned sites is both beneficial to the community and government in that people are employed from the very same community and their infrastructure be it a school, clinic, hospital or vacant owned government land is maintained and does not become an eye sore. A positive feature of this programme is that its beneficiaries enjoy employment for a period of 12 months.

The department has implemented the programme in 10 District Municipalities. To date, 452 jobs have been created under this programme of which, 140 jobs were created using the incentive grant. The programme will be expanded to incorporate the Sisonke District in the 2011/2012 financial year. The target for the 2011/2012 year is 196. This reduction is based on existing sites. However this could increase should there be funding from client departments for Public Works to clear some of their sites.

Property Incubator Programme

The Property Incubator programme was developed to broaden the property industry skills base amongst previously disadvantaged communities. There are 63 participants drawn from youth, women, non-statutory military veterans and the disabled. The first phase of training has been completed. Phase 2 which was supposed to commence in the 2010/2011 financial year could not take place since there were changes that were suggested to the training programme to enhance the chances of employment of these participants. The participants are currently employed on a temporary basis by the Department and in the process are gaining some experience in the property sector. Phase 2 is expected to commence at the beginning of the 2011/12 financial year.

Disposal of Redundant properties

Properties are identified for disposal when they are no longer required by provincial departments or when it is no longer economically viable to retain them for government purposes. Such properties are disposed of on the open market.

During the 2010/11 financial year, one property was transferred to the Hibiscus Coast Municipality for low income housing purposes. Other redundant properties have been identified for disposal and the disposal process is at various stages in terms of the prescribed processes and procedures. It is anticipated that revenue of approximately R75 million will be generated through the disposal of these properties.

Payment of municipal property rates

The payment of municipal property rates devolved to the Department since 1 April 2008. The 2010/2011 Conditional Grant allocation of R260,068 million for the payment of municipal property rates was woefully insufficient. It became clear that this amount would not cover the amount that the province had to pay to municipalities for property rates. This resulted in the province requesting for additional allocation from National Treasury. An additional amount of R450 million was received during the adjusted budget estimates bringing the total conditional grant to R706 million. A major challenge in the payment of municipal property rates has been the fact that many municipalities have not forwarded invoices for payment to the Department. Our appreciation must be extended to the Provincial Treasury and COGTA for their assistance in making sure that invoices were received. Thanks as well to our staff in the rates section of the Department who worked overtime to make sure that payment to municipalities were captured before the end of the financial year.

Implementation of Government Immovable Asset Management Act (GIAMA)

GIAMA is intended to ensure that government's immovable assets are well maintained and do not deteriorate. The coming into effect of GIAMA on 1 April 2010 afforded Government an opportunity to improve service delivery through a structured immovable asset management plan and thereby promote implementation of properly costed maintenance and operational programmes. It must be noted that GIAMA implementation was unfunded in the last financial year which made it a challenge in terms of implementation.

Despite this the Department had to try to ensure compliance with GIAMA. The initial compilation of User Asset Management Plans (U-AMPs) for the 2010/11

showed a lack of capacity within the user departments and the Department had to assist them in this regard.

An analysis of the U-AMPs revealed a huge backlog in maintenance of State buildings. The Custodian Asset Management Plan (C-AMP) has also been compiled for some properties and submitted to Treasury. These give an indication of the state of the property portfolio in the province and findings are currently being analyzed and will facilitate proper planning and budgeting processes. The remaining buildings will be assessed in a phased-in approach in the ensuing financial years.

Management of Fixed Assets

The Fixed Asset Register continues to be enhanced. This includes verification and matching of data from various sources in particular municipalities and deeds office, vesting, taking transfer of other properties e.g. Ingonyama Trust, R293 and South African Development Trust. This will continue in the 2011/12 financial year until the entire process is complete.

PROGRAMME 3: OPERATIONS

Infrastructure Delivery

Education Infrastructure

The Department of Public Works has completed 21 classrooms and 92 toilets during this current financial year. This was achieved against a target of 44 classrooms and 130 toilets to be completed. The remaining balance of 23 classrooms and 38 toilets are anticipated to be completed during the second quarter of 2011/2012.

Health Infrastructure

A total of 36 Health Infrastructure projects comprising, 14 Hospital projects and 22 Clinics projects have been completed. Of the 9 projects remaining, 4 projects are at 90% construction, 1 project will be completed in June 2011. The remaining projects are at various stages, since most of the Department of Health projects are multi year projects.

The Department had targeted to complete 18 projects for other provincial client departments (including Public Works projects). 9 projects have been completed and the balance of 9 projects will be completed in the 2011/12 financial year.

The Department is in the process of creating a dedicated project management team for the Hospital Revitalization Programme. This will ensure full monitoring and coordination of the programme. The team should be in place by May 2011. The Department has set milestones for the Hospital Revitalization Programme for the coming year.

There has been some positive progress on infrastructure with some challenges both within the Department and from client departments. The infrastructure unit has developed a service delivery capacity building plan focusing on systems and human resource issues. The challenge with our client departments is full compliance with IDIP requirements such as forward planning, correct scope provided and the submission of plans in time. The Department of Education and the Department of Health are already participating in the IDIP programme and have complied with the IDIP requirements.

The Department is currently piloting a full Green Design office building project and has registered this project with the Green Building Council of South Africa for a full star rating. The pilot project is in the Sisonke District Office at the Ixopo Municipality and is under the Department of Public Works. The budget for the project is R26million and it is anticipated that savings will be incurred through energy saving costs, e.g. water and electricity. This is the first time that the Provincial Government is piloting such a project within the built environment.

Expanded Public Works Programme (Public Works Contribution to Provincial EPWP)

The KZN Department of Public Works contributes to the creation of EPWP jobs in the province by applying labour intensive methods to its building infrastructure projects. Over 35 548 work opportunities have been created as at the end of February 2011. The Department is set to create 28 000 work opportunities by the end of the 2011/12 financial year through the infrastructure budget and the EPWP Incentive Grant.

Further to this achievement, the Department of Public Works received an amount of R659, 400 from the EPWP Incentive Grant in 2009/2010 due to its

achievement in job creation and is set to receive a further R508, 000 during 2011/12. The EPWP Incentive received has been ploughed back to the communities for further job creation through the Public Works' Izandla Ziyagezana Programme where at least 143 people have been employed. A further 120 work opportunities were created during the erection of thirty HIV/AIDS Awareness Campaign signboards throughout the Province.

National Youth Service Programme (NYSP)

The National Youth Service Programme aims to provide technical skills to young people while giving them an opportunity to serve their communities as part of nation building. In 2010 / 2011 the KZN Department of Public of Public Works has certified 220 NYS learners who had completed training in Construction Masonry at NQF level 3. Thirty eight (38) youth contractors from the Sisonke District were also certified on completion of Construction Contracting Learnership (NQF level 2) which aims at making them better contractors in the construction industry. Fifty eight (58) other participants that went through Construction Carpentry training at NQF Level 3 also received their certificates. All the training that is offered to the KZN youth is accredited thus making the youth employable. To date forty two (42) of these students have been placed in sustainable jobs. A Memorandum of Understanding has also been signed between Public Works and the Department of Cooperative Governance and Traditional Affairs to place qualifying learners in various municipalities as part of an exit strategy. At the beginning of 2010/2011 the department was granted R5,2 million to implement the NYS Programme. A total of 120 young people will be recruited across the KZN Province to partake in the NYS Programme.

Masakhe Emerging Contractor Development Programme (Masakhe ECDP)

Database

It is unfortunate that the Masakhe ECDP programme remains unfunded. The database has grown from 5,447 contractors registered on the programme in the previous financial year to 5,755. Most of the contractors in the programme lack technical capacity.

Over the 2010/2011 financial year, 367 Contractors were trained on the completion of tender documents & SCM procedures. 40 Contractors are part of NQF4 learnership Programmes and 38 have received NQF2 Training.

48 Contractors were selected to undergo NQF2 training, but due to learner drop-out, the number was reduced to 39. The learners have completed their classroom training and are currently completing their Portfolio of Evidence (POE).

During the 2011/12 financial year the Department will investigate the possibility of linking the Masakhe ECDP database with the CIDB and SARS databases.

Mentorship

The mentorship policy has been approved and the database of mentors has been developed. Piloting of the programme commenced in the North-Coast Region but currently, there are no activities due to the lack of funding to implement the programme.

Professional Service Provider Programme

A total of 419 service providers have benefited from this programme. A total of 183 black professionals (HDIs) have benefited along with 104 non-black service providers (non-HDIs) benefiting. The Department has developed an Emerging Consultant policy to enhance the entrance of new professional into our procurement. The programme will be launched and workshopped during 2011/2012.

MEC'S SPECIAL PROJECTS

Greening Project

The Office of the Premier jointly with the Department of Public Works, Department of Agriculture, Environmental Affairs and Rural Development and the Department of Human Settlements together with the Wildlands Conservation Trust has finalized the KZN Green Programme. A total of 200 jobs will be created through this programme with a set-aside budget of R9,5 million coming from the partnering departments.

Furniture project

The furniture project that was initiated last year continues within the Department as a cost saving measure as well as imparting skills to members of the community. The project was piloted in the eThekweni region and has now been rolled over to all other regions within the Department. Some schools have taken advantage of this project for the revamping of school furniture. The Department is looking at massification of this project which is dependent on savings as it is currently being funded through it.

CONCLUSION

The Department of Public Works is committed to becoming the service provider of choice for provincial government departments. We intend achieving this by ensuring that we spend our budget wisely to deliver value for money service on time at the best price to our clients.

In conclusion Madam Speaker, I would like to express my gratitude to the Premier, Dr Zweli Mkhize and my Executive Council and Legislature colleagues for their support and assistance. My appreciation also goes to the Head of Department, Dr Madlopha and the management team and staff of the Department of Public Works who have made my work in the Department a more informed one. I look forward to working with them and I believe together we can do more. A word of appreciation goes to the oversight committees for their support and guidance through their constructive criticism. A special thanks to my hardworking and dedicated staff in the Ministry as well as to the Communications team.

I also want to record my gratitude to my family for their support and a special acknowledgement to Charm Govender for his advice and assistance.

Madam Speaker, it is now my pleasure to present the Budget for 2010/2011 for approval as follows:

Programme 1: Administration	R238,527m
Programme 2: Real Estate	R609,895m
Programme 3: Provision of Buildings, Structures and Equipment	R371,985m
Total:	R1,220,407m