



KWAZULU-NATAL PROVINCE

PUBLIC WORKS
REPUBLIC OF SOUTH AFRICA



2020-21 BUDGET SPEECH

VOTE 14: PUBLIC WORKS



Hon. Neliswa Peggy Nkonyeni MPL
MEC: Human Settlements & Public Works



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REPUBLIC OF SOUTH AFRICA

Vote 14: Budget Speech Public Works 2020-21 **Presented by Honourable Neliswa Peggy Nkonyeni MPL** **MEC for Human Settlements and Public Works** **Provincial Government of KwaZulu-Natal** **4 June 2020**

Honourable Speaker of the Legislature, Hon. Boyce
Honourable Premier Zikalala
Honourable Members of the Executive Council
Honourable Chairperson and members of the Public Works Portfolio Committee
Honourable Members of the KwaZulu-Natal Legislature
Respected Amakhosi
The Head of Department and Officials
Academia, Religious Leaders and Captains of Industry
Members of the Media
Ladies and Gentlemen
Comrades and Compatriots
May I please recognise all of you even though we are forced to be online and via television and radio broadcasts.

INTRODUCTION

Honourable Chairperson. These are extraordinary, unusual times.

We are on a battlefield that we have never before encountered. The COVID-19 pandemic has forced us to shift paradigms, to re-imagine the world as we knew it.

Throughout our history, in times of challenge, we have inspired our people with hope.

The new normal is the deep hope that we shall overcome. We shall overcome.

We must be encouraged that we stand on powerful shoulders.

Comrade Harry Gwala was a gentle man with radical views. He was jailed twice on Robben Island.

uMunt'omdala served 19 years - eight for sabotage and 11 for furthering the aims of the ANC.

He also served in this Legislature. The uMgungundlovu region in which we sit was defined by his presence and activism for six decades.

We honour his memory and his legacy in the work we do in this centenary year of his birth.

It was another hero of our freedom struggle, Mam' Albertina Sisulu, who in different context of challenge who sharpened our belief that:

“Women are the people who are going to relieve us from all this oppression and depression.”

We are women at work, we are a government at work, we are a Province at work.

We are growing KwaZulu-Natal together.

Our programme of action as Public Works is aligned with the State of the Nation and State of the Province commitments, the National Development Plan, Provincial Growth and Development Plan, ANC Manifesto and the electoral mandate of our people.

When we went to our people in the 2019 election, His Excellency, President Cyril Ramaphosa committed us to a moment of renewal:

“It is an opportunity to restore our democratic institutions and return our country to a path of transformation, growth and development. The country's future is now in the hands of those who believe in it the most.”

In this moment of COVID-19, that call to action becomes all the more prophetic.

Our record card over the past year demonstrates an intensive consultation with our people to advance the programme of radical socio-economic transformation.

Our special attention remains focused on our youth, women, people with disabilities and military veterans.

We convened summits specifically designed to enable vulnerable sectors to access opportunities in construction and infrastructure development.

As we listened at these summits, we were reminded of the words of our stellar intellectual who recently passed on, Dr Phyllis Ntantala-Jordan:

“My experience ... really roused to anger my social consciousness.”

We must rouse our anger to social consciousness to lift our youth, women, people with disabilities and military veterans out of poverty and onto the path of demonstrable empowerment.

Throughout our history, it was unity in action that yielded the best results.

Another veteran leader and political prisoner Mam' Dorothy Nyembe put it eloquently when she said:

“(We) must live together ... so that we teach each other how to hold our children, how we build our houses, and we work together ... those who are not understanding to sit together with other people, we will teach them ...”

This activist approach is a hallmark of our developmental state and the manner in which we conduct all our work.

We acknowledge also that our impact must be scaled up to reach more people, more meaningfully and in far greater financial quantum than presently.

COVID-19 has dealt us a serious blow.

A significant number of infrastructure projects have been stalled, severely impacting on service delivery and slowing the momentum in empowerment programmes. It also impacted on the livelihoods and sustainability of those reliant on the construction and property sectors.

Our special concern is diminishing financial resources to and from the fiscus and the anticipation of deeper cuts as we wrestle with the beast of COVID-19.

The 'New Normal' has imposed additional financial obligations such as procurement of PPEs, disinfection of offices and a new working approach.

In the finest traditions of our movement, we must regroup our forces, marshal our finest human resources and deploy our diminishing financial resources to achieve the best service delivery outcomes.

To paraphrase the African revolutionary Amilcar Cabral, we must tell our people no lies and claim no easy victories.

CORE FUNCTIONS

Honourable Members, let us remind ourselves of the core functions of Public Works, which are inter alia:

- The acquisition of public buildings and land;
- The construction of public buildings, involving the physical erection or major improvements in respect of infrastructure in the built environment;
- The maintenance of public buildings and land, including performing the necessary work to ensure the required level of operation and the payment of property rates;
- The alienation of public buildings and land, including the disposal of fixed assets by selling, letting, exchanging and donation; and
- The Provincial co-ordination of the Expanded Public Works Programme (EPWP).

IMPLEMENTING AGENT OF CHOICE AND INFRASTRUCTURE DELIVERY

Public Works is a key terrain for Radical Socio-Economic Transformation.

The Department implements the transformation objectives identified in the Operation Vula Programme.

Honourable Chairperson, please allow me to take the House through an update of radical socio-economic transformation within the infrastructure sector in the Province.

CONTRACTOR DEVELOPMENT

We have been working with emerging contractors to better equip them with technical skills.

The Department has enforced emerging contractor development by major players in the industry using the 30% (as a minimum) sub-contracting policy directive. We remain committed to promoting and empowering through localisation.

IMPLEMENTING AGENT OF CHOICE

In terms of repositioning the Department as the implementing agent of choice and improving client satisfaction, we are pleased to report that Public Works has inter alia:

1. Improved efficiency through the design of a new service delivery model;
2. Enhanced technical and professional Human Resource capacity in the Department;
3. Made Radical Socio-Economic Transformation an operational practice;
4. Integrated planning, programme development, sustainable utilisation of immovable assets;
5. Improved the management of the property portfolio and property rates with municipalities;

6. Realigned management to ensure greater efficiency and effectiveness in the implementation of the Department's mandate;
7. Worked at empowering youth, women, people with disabilities, and military veterans in line with demographics of the province in order to redress the glaring imbalances of the past, through Supply Chain Management (SCM) policy changes; and
8. Ensured sound financial management.

Honourable Members, I want to confirm to the House that Public Works is keenly focused on:

1. Ensuring that projects are completed timeously, implemented within budget and tendered value;
2. Reducing rentals and promoting greater use of government buildings for government offices and related purposes;
3. Tangible contribution to Radical Socio-Economic Transformation;
4. Reduction in the use of external consultants in favour of a turnkey approach; and
5. Spreading of work to emerging service providers, and faster turnaround time in Supply Chain Management processes.

The Department spent R1 286 197 833 in the past financial year on government infrastructure investment projects, which includes new or replaced infrastructure; rehabilitation, renovations and refurbishments, upgrade and addition projects.

These included:

- 90 Education facilities,
- 42 Health facilities,
- 6 Administration office buildings

The Department plans to undertake 165 infrastructure projects on behalf of client departments in the 2020/2021 financial year with an estimated overall budget of R1.6 billion.

INFRASTRUCTURE RESPONSE TO COVID-19

The Department is currently undertaking eight COVID-19 projects at an estimated value of R680 million. These are at the following hospitals:

- Clairwood
- Wentworth
- King Dinuzulu (2 projects)
- Mosvold
- Bethesda
- St Francis
- Siloah

These projects are upgrades and additions to existing hospitals in order to meet the National COVID-19 specifications, increase the number of beds and improve facilities to cater for the COVID-19 needs. Furthermore, the Department is erecting three temporary structures for quarantine purposes at Clairwood, KwaDukuza and Ngwelezane.

Chairperson, Honourable Members, in keeping with the norm in presenting our budget votes, please allow me to elaborate on each of the Department's three programmes.

PROGRAMME ONE: ADMINISTRATION - R 468 290 000

The main objectives of this programme are to:

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

- ❖ Render sound financial management services, risk management and supply chain management.

STAFFING AND EQUITY PROFILE

The budget for Compensation of Employees (COE) for this financial year is R 772 606m.

In the budget vote last year, we alerted the House to the vacancies in critical areas and the less than optimal equity profile.

A concerted effort in recruiting the necessary capacity has since yielded significant results.

The following is our staffing profile:

- Current staff complement = 1 633
- Females at Senior Management Service (SMS) level = 42% (significant improvement from the previous financial year of 35%)
- People with disabilities = 1.8% (we are committed to improving our performance in this regard)

The Department filled 160 posts in 2019/2020 marking a significant improvement in the turnaround time for recruitment.

In addition, the Department has also commenced with the recruitment and selection processes for an additional 122 vacant posts.

We have indicated previously that the employment of artisans, which was a historic competence within Public Works must again become its forte. Our concern was that far too much artisanal work is outsourced.

We are pleased to inform the House that in partnership with the Coastal TVET College, the Department has trained seventeen internal staff. They have passed relevant examination and qualified in plumbing, carpentry and bricklaying.

CAPACITY DEVELOPMENT

In the past financial year, the Department awarded 18 bursaries to students pursuing various degrees in the built environment professions.

We plan to increase the number of bursaries in order to grow our internal capacity through the development of previous disadvantaged individuals with particular focus on young people.

Currently the Department has 42 interns with built environment qualifications, such as engineering and quantity surveying and is in the process of recruiting seven more.

FIGHTING CORRUPTION AND PROMOTING INTEGRITY

This is a priority area of our government.

Seven forensic investigations were conducted and finalised by Provincial Treasury during the reporting period.

This resulted in disciplinary action being recommended against nine officials.

All nine disciplinary cases were finalised resulting in the following sanctions:

- Five officials received final written warnings
- Two officials received verbal warnings
- One official received corrective counseling
- One official left the employ of the Department

The majority of the above cases are related to non-compliance with SCM prescripts, however there were no fraud and corruption cases identified against officials.

Two cases against service providers have been referred to SAPS for criminal investigation.

The Department will continue to strengthen all measures to crack down on corruption and mitigate the risk of irregularities.

Transparency is a key deterrent to corruption. Our Supply Chain Management processes in particular are open to intensive public scrutiny with timetabled advertising of tenders and awards on a weekly basis.

Public Works complied fully with Department of Public Service and Administration (DPSA) regulations in 2019 and 2020 by ensuring that all Departmental officials and Senior Management Service (SMS) submit financial disclosures.

PROGRAMME TWO: IMMOVABLE ASSET MANAGEMENT - R 800 299 000

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

FIXED ASSET REGISTER

Our fixed asset register reflects 14,464 land parcels valued at R17.9 billion. We are currently finalising the figures for the 2019/2020 financial year as we prepare the Annual Financial Statements.

RENTALS AND PROPERTY RATES

We have reported previously that property rates levied by municipalities are unpredictable and unsustainable in the current form.

The Department engaged with municipalities to facilitate the predictable and consistent billing of property rates. In this ongoing process, eThekweni Municipality enabled R92 million in savings.

The Department has also been tasked with transforming the property leasing sector by introducing requirements that will ensure equitable distribution of opportunities in the sector.

Currently there are 186 leases with a concerning racial demographic spread:

- 44% Indian;
- 21% white;
- 8% Black; and
- 27% mixed ownership

We are determined to change the status quo and ensure that the sector accurately reflects the demographics of the Province.

PROPERTY VALUATIONS

In line with the Government Immovable Asset Management Act, 2007, the Department is embarking on the conditional assessments of key provincial state assets within this financial year. This is to ensure that provincial state assets are optimally maintained and utilised.

The maintenance of provincial state assets is undertaken by the Department in response to client requests and is dependent on the client departments providing the necessary budget. We have previously indicated that EPWP beneficiaries will increasingly become involved in minor maintenance of state facilities.

PROGRAMME THREE: INFRASTRUCTURE, MAINTENANCE AND TECHNICAL SUPPORT - R509 820 000

Honourable Members, the main purpose of this programme is the provision and/or acquisition of buildings, structures and engineering works and the maintenance of buildings to client specifications.

The core services are:

- Improving integrated service delivery in the provision of buildings and structures;
- Creating jobs through the EPWP;
- Creating an enabling environment for affirmable business enterprises;
- Initiating and co-ordinating strategic partnerships; and
- Coordinating and aligning operational activities in line with municipal demarcations.

Please allow me to elaborate on a priority subject in infrastructure development in the Province.

STRATEGIC INFRASTRUCTURE DEVELOPMENT AGENCY (SIDA)

In support of KwaZulu-Natal Government objectives and radical socio-economic transformation, the SIDA is designed to achieve *inter alia* the following:

1. Facilitation of Private Sector Funding for Strategic Infrastructure Projects;
2. Transform the construction, maintenance and management of the infrastructure sector in the province;
3. Assist Government Departments with the Implementation of the Infrastructure Delivery Management System (IDMS);
4. Advance innovation and technology in the delivery of infrastructure;
5. Develop structured methods for the coordination of sustainable SMMEs and Contractor Development interventions;
6. Develop and publish Infrastructure Delivery Standards & Systems;
7. Improve the capacity of the state in the delivery of strategic infrastructure; and
8. Improve stakeholder relations within the infrastructure sector.

The SIDA will be a vehicle for the Provincial Government to effectively implement the Provincial Infrastructure Master Plan.

The feasibility study and a high-level business plan have been completed.

A dedicated driver will focus on the process of establishing SIDA. The recruitment of the SIDA driver and Infrastructure Programme Management Unit (IPMU) has commenced.

The Honourable Premier has tasked the Department to be the Provincial Infrastructure Nerve Centre which will coordinate all government infrastructure projects.

This therefore places SIDA in a critical role of packaging, planning and implementing certain catalytic projects.

INFRASTRUCTURE CATALYTIC PROJECTS

Honourable Chairperson, the approval of the KZN Integrated Infrastructure Master Plan (KZN-IIMP) is in the process of being finalised. However, principles embedded in the Master Plan are being applied currently to support the prioritisation and delivery of infrastructure.

The Department will support the development and institutionalisation of the Spatial Development Framework.

The Department will continue to register catalytic projects for monitoring on a quarterly basis, and undertake an annual review of the KZN-IIMP.

There are 153 registered infrastructure Catalytic Projects of which 20 have been completed during the last cycle of the PGDP (last 5 years) at an estimated value of R79 trillion.

To mention few:

- John Ross interchange
- Development of Regional Airports
- Cornubia Integrated Human Settlements Phase One
- Dube Trade Port
- BHP E-village

The investment value of the remaining projects is R920 trillion. It is encouraging to note that there are 33 current projects in construction with an estimated value of R200 trillion.

These include:

- Suncoast expansion
- Vulindlela Rural Housing
- Water Stone Lifestyle estate

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The COVID-19 pandemic has exposed the levels of vulnerability in our communities.

The ugly head of poverty has once again challenged us to reflect on our responsibility to commit ourselves to drawing deep into our consciences to do more than we regard as enough.

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

The programme also adds value to basic service delivery.

In the past financial year, our Province exceeded the set target by over 31 000 job opportunities.

The Province has been allocated a five-year target of 643 686 work opportunities. The target for the current financial year is 125 612 opportunities.

The Department as the assigned coordinator of EPWP will focus on ensuring compliance and technical support to all Provincial Departments and Municipalities in order for them to achieve the set targets.

The Department is implementing a turnaround strategy with greater focus in assisting those Municipalities and Departments that did not

receive their grants as a result of not meeting their targets resulting in the grant being withdrawn.

The turnaround strategy will *inter alia*:

- Include one-on-one engagements with public bodies with the intention to address their challenges;
- Conduct District-based Division of Revenue Act workshops on the utilisation of the EPWP Grants;
- Conduct District EPWP Reporting System Training, so that all Public Bodies are able to report all job creation interventions;
- Monitor the reporting of grant-funded projects by all Public Bodies;
- Conduct District Data Quality and Records Management sessions throughout the Province to ensure that Public Bodies align their records management with the developed EPWP Files Checklist and ensure uniformity regarding portfolio of evidence for every reported Work Opportunity;
- Continue with EPWP District Roadshows and Quarterly Audits working sessions; and
- Monitor and enforce the implementation of the KZN Recruitment and Selection Guidelines for EPWP beneficiaries.

We have reviewed the recruitment and selection guidelines to place more emphasis on transparency and ensure greater integrity of the process in line with the District Development Model (DDM).

In the new guidelines, we have insisted on clarity on the demographics. In particular, we have included a 60% women target, 55% youth participation and 2% persons with disabilities.

We will also ensure that municipalities understand their roles and responsibilities and improve reporting. We encourage Departments and Municipalities to identify senior officials to champion EPWP in their institutions.

We are confident that we will achieve the set targets and overall performance of the programme in this financial year.

The demands of the COVID-19 pandemic especially for schools and government office sanitisation has created further opportunities for unemployed people to access short-term contracts.

With the opening of schools, the Social Protection, Community and Human Development (SPCHD) Cluster has tasked us to place 6000 EPWP beneficiaries at schools to conduct screening.

This programme is in partnership with the Departments of Education and Health.

Given the nature of the programme, the challenges force us to dig deep and apply an activist approach of hands-on practicality while enforcing compliance within the constrained resources.

EYESIZWE CONTRACTOR DEVELOPMENT PROGRAMME

This is the Department's key access and empowerment programme for emerging contractors.

The programme is targeted at contractors on Construction Industry Development Board (CIDB) grades 1-6. Measures are in place to facilitate the spread of work through limiting the number of concurrently awarded tenders.

It is our firm conviction to grow the spend on EYESIZWE contractors to impact radical socio-economic transformation.

Following the call for the database, the overwhelming response means that we must pay greater attention to empowering emerging contractors. The 15 000 new submissions are being processed, verified and sorted.

PROGRESS ON THE TEN PRIORITIES IDENTIFIED

In the last budget presentation, we identified a set of leading priorities listed as:

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

Honourable Chairperson, we have reported progress on the majority of these earlier but please allow me to take further stock.

The current departmental structure is not aligned with the District Development Model launched by President Ramaphosa last year.

The Department is currently reviewing the structure to address this misalignment.

A revised structure that supports the Department in reclaiming its mandate as an implementer of choice will:

- Improve efficiencies within the administration;
- Strengthen the coordination role and capacity at the District levels;
- Assist the Department in delivering integrated services, while strengthening monitoring and evaluation and positively impact at a local level; and
- Realign the Public Works organogram to be service delivery focused.

PROVINCIAL GOVERNMENT PRECINCT

Honourable Members, we are also pleased to report that the Provincial Precinct is becoming a reality.

We are currently engaging with the Legislature on the construction of the first building.

A Master Plan for the KZN Legislature and Provincial Government Precinct using internal resources has been completed.

Accommodation schedules were compiled in accordance with approved organograms and gazetted norms to determine the scale of the development.

Site constraints and conditions have been determined. Zoning has been changed to Government Zoning and the consolidation of the sites into one parcel of land has commenced.

There is commitment from the Provincial Executive Council to support the development of the Provincial Precinct.

The needs analysis and development approach has been concluded and adopted.

Furthermore, the following Departments have raised their hands to participate in the project:

- Provincial Legislature – new Legislature building for offices and chamber;
- Arts and Culture – Provincial Archives; and
- EDTEA – Provincial Offices

This has inspired other Departments to show interest and the Department is working to fast-track both the planning and funding models.

An in-house Technical Team is working passionately on the concept design in line with the reduction of the use of consultants generating savings on the overall project costs.

Key elements of the design that have been agreed are as follows:

- Adherence to Green Building Technology
- Inclusion of indigenous and cultural elements
- Demarcation of sites to be stand alone
- Phased implementation approach informed by available resources

This is a significant milestone for our Province and the first real home for our government since the dawn of democracy.

CONCLUSION

May I express my gratitude to the African National Congress for the deployment to a portfolio that makes real impact in the lives of our people.

I am also grateful to the Honourable Premier; members of the Provincial Executive Council; the chair and members of the portfolio committee and members of this House for their support of the work of the Department.

I wish to thank HoD, Dr GG Sharpley, executive of the Department, Head of Ministry, Mr Isaac Luthuli and entire staff for their patriotism and diligence.

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

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

We are honoured to present the following budget for the approval of the House:

Programme	Allocation
Administration	R 468 290 000
Property Management	R 800 299 000
Infrastructure	R 509 820 000
Total	R 1 778 409 000

Stay safe.

We shall overcome.

Nkosi Sikelel' iAfrika