



DEPARTMENT OF WORKS

BUDGET SPEECH

2007-2008

VOTE 14

ADDRESS TO THE PROVINCIAL LEGISLATURE

Honourable Ms Lydia Johnson, Member of the Executive Council KZN Works

“Building Communities through Construction”

Mr Speaker
Honourable Premier
Executive Council Colleagues
Honourable Members
Distinguished Guests

INTRODUCTION

Mr Speaker I am deeply humbled and honoured to present to you and the honourable House my "maiden speech" as a Member of the Executive Council for the Department of Works of KwaZulu-Natal.

Mr. Speaker, allow me once more to thank the Honourable Premier Dr JS Ndebele for inviting me to serve in his Executive Council. I commit myself to discharge my responsibility to the best of my ability.

It is a privileged position, which I am taking over from my predecessors' honourable MEC Mabuyakhulu and honourable member Mr Gwala. I thank them for the foundation they have laid. I use the analogy of a relay race: I am taking off from where they have left off and I promise to run faster in ensuring an efficient, effective and timeous service delivery.

On assuming my portfolio in November 2006 I introduced an emphasis on urgency and an end-user approach, moving beyond client Department satisfaction to end user satisfaction. A delay in service delivery results in prolonged suffering and misery of learners' and communities who have been waiting patiently on delivery.

As a Department we have adopted a people centred approach guided by Batho-Pele principles and the Citizen Charter.

Our slogan is '**BUILDING COMMUNITIES THROUGH CONSTRUCTION**'. One of our core functions is management and maintenance of government facilities. Mr Speaker this function we cannot carry it out alone we need communities as our partners. As we build infrastructure we need to build a sense of ownership and pride by educating communities to look after and protect their facilities from destruction and vandalism. '**SITHUTHUKISA IMIPHAKATHI NGOKWAKHA**'.

Between 13th of March and 22nd of March 2007, the Department embarked on a series of road shows to all the regions, meeting our stakeholders, the contractors. The main aim was to listen and share information. It was indeed an eye-opening experience. Not only did they raise concerns and problems but also possible solutions, which we believe, will assist us to develop policies that will improve the quality of life of the poor and marginalized. It was also encouraging to learn from them that the Department has improved in terms of payment on work done.

When delivering the State of the Province address on the 14th of February 2007, the honourable Premier Dr JS Ndebele said:

'the economic basis of the apartheid regime was white economic empowerment by law and black economic disempowerment by law. The democratic government has therefore identified black economic empowerment as a means to redress this historic imbalance. When it comes to the essence of uplifting the social economic profile of society, no government can be neutral.'

Mr Speaker as a Department we cannot be neutral when it comes to Broad Based Black Economic Empowerment. During the road shows we discovered that the majority of

black contractors were at lower grades according to the Construction Industry Development Board registration. In KwaZulu-Natal there are **5266** contractors registered. Out of this **4119** are on Grade one, which means they can only do work up to the value of R200,000.00. The question is who then gets the millions worth of work. In response to this question the Department has developed the Emerging Contractor Development Programme Policy, which will be implemented this financial year.

On infrastructure delivery on behalf of our client Departments, we want to establish and maintain a healthy relationship. We urge the Department to submit their projects on time so that we can plan well in advance for timeous delivery. We want to thank the Department of Education for submitting their **2007/2008** projects in November 2006, which assisted the Department to start planning. I am pleased to report that planning has been done up to pre-tender stage. Ideally we will appreciate if projects are submitted to us eight months before the next financial year.

Mr Speaker when delivering his Budget speech, the MEC for Finance and Economic Development Honourable, Dr Mkhize, said:

'Infrastructure delivery will remain one of the key focus areas of this government. We have taken a firm view that we will not tolerate infrastructure under spending.'

As a Department we have taken this statement seriously and commit ourselves to do everything in our power not to under spend.

Mr Speaker inside the bags given to members there is a clock manufactured in- house, by our staff at EtheKwini Region, committing us to deliver on time. We promise to live up to this commitment.

ACHIEVEMENT AND CHALLENGES OF 2006/2007

Mr Speaker, allow me to report on the achievements and challenges of 2006/2007. The Department adopted a change agenda, which was aimed at reengineering the Department. The change agenda highlighted the following:

- Transformation of the Department into a high- performing organisation;
- Redesign the Department's service delivery model to effectively, efficiently and timeously meet client expectations;
- Development of new partnerships and service delivery agreements with client departments;
- Fast tracked development and implementation of a new flagship programme for elimination of the classroom backlog;
- Development and implementation of a Provincial Fixed Asset Management System; and
- Full engagement of the Expanded Public Works Programme.

SCARCE SKILLS

One of the challenges that faces the Department and which continue to face the country is scarce skills in the construction sector. These include civil engineers, architects etc. Responding to this challenge directly, the Department held a scarce skills seminar last year, July 2006. This activity was executed with a view to develop a comprehensive response to the challenge. Various options were considered with regards to short term, medium term and long term solutions.

This resulted in the launch of an internship programme where interns were placed within the Department. The recruitment of retired professionals on a contract basis has also commenced. In 2006, **4** interns were hosted in the Department and have now successfully been employed outside the Department. We will intensify such initiatives in the new financial year and ensure that we retain them.

EMPLOYMENT EQUITY

The Department functions within particular mandates, like all Departments one of these are the Employment Equity Act. This Act calls for representatively in the workplace in terms of gender, race and people with disabilities. Our employment Equity plans have been developed and implemented. Today, Mr Speaker, the Department has **7** women in management from level 13 upwards and **18** women from level 11 and **12** women in middle management. We also have **34** people with disabilities employed, however there is a need for improvement.

ABET

One of the challenges facing the country and the province is adult illiteracy. The Department of Works also mirrors the issue mostly at the elementary levels. Therefore the Department took a conscious decision to respond to the issue at hand by providing by an ABET literacy programme for employees at the lower levels. **507** employees took part in ABET classes. This is in no way indicative of the staff illiteracy rate in the Department, but rather the levels that staff had progressed to, from ABET level 1 through to ABET level 4 during the financial year.

In its quest to improve service delivery and a culture of good performance the Department continued on with operation '**SHONAPHANSI**' an initiative that gives an opportunity to senior management to interact with staff at regional districts and depots, in order to understand their challenges and give support. A floating trophy was introduced to encourage and recognise good performance.

The Ethekwini region won the trophy in 2006 for good mid term performance. An unannounced visit was undertaken at Jozini depot on the 4th of April 2007 and I was pleased and encouraged to see staff at 08:00 at work and working. I hope this culture permeates to other districts depots as well.

FRAUD AND CORRUPTION

The Department has adopted a zero tolerance stance to fraud, corruption and nepotism. This attitude is supported by the implementation of a fraud prevention policy. Workshops have been conducted on fraud and corruption awareness to staff, in both IsiZulu and English. A risk management plan has been developed and implemented. This resulted in **103** misconduct cases finalised to ensure promotion of good sound labour relations. Mr Speaker, we will continue to intensify our efforts on this aspect in our quest for good governance, compliance and accountability.

REAL ESTATE

The Department committed itself to develop a fixed asset register by May 2006. This commitment has been realised. We now have a fixed asset register in place in line with phase I as planned. In **2007/2008** the focus will be on phase 2 of the system.

The process of evictions of illegal occupants in Ulundi is currently in Court and the granting of eviction orders for **28** illegal occupants. The rest have formalised tenancy agreements. The process of evicting illegal occupants will be extended to other areas this financial year.

INFRASTRUCTURE DELIVERY 2006/2007

Mr Speaker infrastructure delivery is our main core function and we intend to improve FROM YEAR TO YEAR.

DEPARTMENT OF EDUCATION

The Department of Works was given **1676** classrooms and **3639** toilets to build in the 2006/2007 financial year. As of the 31st of March 2007, **1425** classrooms and **2750** toilets were completed. **174** classrooms and **300** toilets are to be completed in the first quarter of the **2007/2008** financial year. Some of these projects were allocated to the Department of Works between August and September of 2006. These projects were put on the fast track programme. On the expenditure side the Department has spent **R413,700,153.00** against the allocation of **R440,219,813.00** which represent an overall expenditure of **94%**.

DEPARTMENT OF HEALTH

During the 2006/2007 financial year we did not have an Annual Infrastructure Plan for the Department of Health, however we received the allocation of **R492,925,076.00** for projects and an amount **R409,134,304.00** was spent which represents an expenditure of **83%**.

OTHER DEPARTMENTS

The Department of Works did not receive the Annual Infrastructure Plan, however the Department was allocated with **R278,726,237.00**, an amount of **R220,855,771.00** was spent which represents **79%**.

The overall 2006/2007 allocation received by the Department of Works was **R1,211,781,126.00** and the expenditure was **R1,043,692,228.00** which represents an overall percentage of **86%**.

In order to ensure effective infrastructure spending in the province, it is critical that the Department of Works be provided with the annual infrastructure plan 8 months in advance. This will allow forward planning and real estate issues to be resolved before construction each year.

EXPANDED PUBLIC WORKS PROGRAMME

One of the critical programmes the Department has implemented is the Expanded Public Works Programme (EPWP). The Department set a target of creating **13,000** jobs in 2006/2007 but has exceeded that target as more than **16,000** jobs have been created by the end of the financial year.

Mr Speaker **R2,5 million** was allocated for the training of officials, contractors and project leaders on the implementation of labour intensive methods of construction in EPWP projects. This resulted in more than **134** officials being trained on NQF 5 and 7 and **605** contractors trained in NQF 4.

One of the challenges the Department is grappling with is the participation of women and youth in the construction industry, which historically has been dominated by men. The Department held Women in Construction conference and Youth in Construction conference in 2006 to sensitise and encourage them to participate in opportunities in the Department. The Department has awarded work to women to the value of **R178,028,332.19** and youth to value of **R104,007,131.83**. These figures are inclusive of supply chain management. Mr Speaker this is an effort we are making to advance women economic empowerment and to deal with the challenge of youth unemployment.

PRIORITIES FOR 2007/2008

Mr Speaker, this financial year we will continue with the transformation process and place it at the top of our agenda. We will also inculcate a culture that ensures that; timeous delivery of quality services is not a choice but a **MUST**.

BUILDING CAPACITY

The recruitment of interns will be intensified in an effort to address scarce skills. Multi-media adverts have been placed; the response has been positive and encouraging. **14** interns will be identified to participate in the programme. We will continue to offer bursaries to university students in the fields of engineering, for the construction sector specifically.

Mr Speaker, the National Department of Public Works is working on the recruitment of Cuban professionals in the construction sector. We are optimistic about this initiative and that we will benefit out of it to improve the current vacancy on a short-term basis.

ASSET REGISTER

This financial year we will continue with the second phase of the Development and Improvement of the fixed asset register. The promotion of maximum integration with Treasury and client Departments remains a priority for improved management. The intention is to have **80%** of the Provincial Government's properties vested within the financial year. New properties constructed by other service providers will also be identified and included on the system.

A geographic information system (GIS) will be developed to map all properties in line with the Provincial Spatial Economic Development (PSED) plan. This will facilitate planning on properties in line with the spatial framework.

The National Department of Public Works is in the process of devolving the payment of Government Property Rates to the provinces. Three provinces have been identified as pilot sites of which KwaZulu-Natal is among the three. We are waiting for confirmation.

The KwaZulu-Natal property disposal strategy has been developed and we will ensure that it, as well as the employee housing policy, be approved by cabinet. The employee housing policy will assist the provincial government to eliminate the problem of illegal occupants in government properties. The Ulundi eviction programme will be evaluated and concluded. Lessons learnt from the Ulundi eviction process will assist us as we embark on a provincial wide eviction of illegal occupants in government properties.

PROFESSIONAL SERVICES

Due to scarce skills in professional services the Department procures services from outside consultants. Mr Speaker there is a disturbing pattern of the use of white consultants. On the 30th of March 2007, we had a meeting with consultants and established contractors. When consultants were asked to stand, the majority were white males, a few blacks and even fewer women. Some of the black consultants present complained that they do not get work from the Department of Works. Currently there is no register for consultants in line with CIDB. We want to pay special attention in this area. We are in the process of developing the emerging consultants development programme policy.

CIDB OUTREACH CENTRE

Mr Speaker, one of the problems which was constantly raised in the Departmental road shows was access to the Construction Industry Development Board for registration, as it is based in Pretoria. The Department has successfully negotiated with the CIDB to establish an outreach centre in KwaZulu-Natal. Currently the centre is under construction at the regional office in Ethekewini. The centre will be completed by the end of April 2007. The centre will serve not only contractors and consultants working with the Department of Works but will also include contractors in the entire province.

CONTRACTOR FORUMS

Mr Speaker, the Department has established regional contractor forums as a platform for communication, information sharing and best practices, we will ensure that these forums are strengthened and fully functional. This year we will launch a provincial contractor forum.

EMERGING CONTRACTOR DEVELOPMENT PROGRAMME

As I indicated earlier the Department will implement an emerging contractor development programme as a means of narrowing the gap between emerging and established contractors.

Mr Speaker, given the Department's large spending and contribution to the construction sector through its contractor engagement, it follows for the Department align itself and contribute towards the transformation of this sector as determined in the construction charter. To this end the Department has put in place a process to develop emerging contractors and companies aimed at improving their performance levels and sustainability through a measurable and focused emerging contractor development programme.

It is the resolve of the Department, in line with its developmental agenda to develop emerging contractors into viable business enterprises that partake in the mainstream economy.

The programme is aimed at ensuring that contractors from previously disadvantaged backgrounds are given the opportunity to get into the construction industry through a managed access to opportunity and mentoring process for them to ultimately compete openly in the market with other established companies.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Mr Speaker, the EPWP is one of the main second economy interventions of Government aimed at job creation, empowerment and poverty alleviation. The honourable Minister of Public Works Mrs T Didiza in her budget speech said:

'a critical component of our mandate is expanded public works programme that establishes a bridge between the first and second economies enabling job and skills opportunities , an essential foothold for those historically marginalized from economic participation'.

We will intensify this programme; our target is **16,000** jobs for this financial year. We will also look at exit strategies to ensure a degree of self-reliance and independence. We hope to repeat the same by exceeding the set targets as we did last year.

NATIONAL YOUTH SERVICE (NYS)

Another programme is the National Youth Service as announced by the State President in the state of the Nation Address. We will be participating in this programme. The NYS is one of the sub-programmes of the infrastructure sector of the Expanded Public Works Programme. The project focuses on the maintenance of government facilities. The targeted groups are engaged in formal and accredited skills programme learning consisting of 4 months of theory and 8 months of practical active participation on a construction site. Towards the end of their involvement on the construction site they will be capacitated on business entrepreneurial skills.

The programme will also encourage a work culture of service among the Youth, induce a sense of national pride and patriotism and encourage a work ethic among young people. The Department has targeted **600** youth to participate in the programme. The Department is also in the process of developing a business plan.

INFRASTRUCTURE DELIVERY 2007/2008

Infrastructure delivery for the Department of Works for this financial year is as follows:

- Ixopo office park;
- Office accommodation for Works head office;
- Additional office block for Works district office (Southern region);
- New Nongoma district office (North Coast);
- The Department will also ensure that its buildings are disability compliant, like ramps as the 1st phase;
- The Department of Education has given us all maintenance and renovation work to the value of **R491,553,211.00**; and
- Planning for other Departments will be done when they submit their infrastructure plans.

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.

To all members of the oversight committee, the Public Works portfolio committee for all your support and for joining us in the road shows, the Finance portfolio committee and SCOPA for the advice and guidance. We hope that this year, the cordial relationship will continue.

The staff in my office led by Ms NB Mconywa, for your support and going the extra mile in ensuring the smooth running of the office.

Mr Speaker it is now my pleasure to present the budget for 2007/ 2008 for approval as follows:

Programme 1:	Administration	= R 160,958,000.00
Programme 2:	Real Estate	= R 13,664,000.00
Programme 3:	Provision of Building Structure:	= R 305,272,000.00
Total	:	= R 479,419,000.00

SITHUTHUKISA IMIPHAKATHI NGOKWAKHA