



public works
& infrastructure

Department:
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Statement by the Minister of Public Works & Infrastructure, Mr Sihle Zikalala, MP

Thank you programme director

Deputy Minister of the Department, Ms Bernice Swarts

Acting DG of the Department, Ms Nyeleti Makhubele

Members of the media

Good Morning

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Good Morning!

We welcome you all who are attending this pre-budget vote media briefing by the Department of Public Works and Infrastructure, which we have been tasked to lead. It is an honour and responsibility that we do not take lightly.

In a few hours, at 16h15 to be precise, we will be presenting to Parliament our Budget of R8.782 billion. This Budget Vote will narrate a story of our performance in the financial year under review, and

also outline concrete plans to ensure that the Department contributes effectively to the economic recovery and reconstruction programme of the country. Our Budget is inspired by the spirit of reforms and positive policy direction as outlined by His Excellency President Cyril Ramaphosa in his State of the Nation Address. The African National Congress in January this year directed us to use the year 2023 to make decisive actions, and usher in an era of renewal to restore confidence in our democratic institutions, and return our country to a path of transformation, growth and development.

In this closed session, we would like to give you a preview of what we intend doing to ensure that the Department of Public Works and Infrastructure contributes to the creation of jobs, create and improve the infrastructure and ensure that it is repositioned accordingly to fulfil our mandate.

Budget in context

Our presentation to the House will reveal that the Department has been allocated R8.782 billion for the 2023/24 financial year. The classification of this Budget will indicate that a total sum of R4.5 billion is allocated for the Department Infrastructure, Property Management, Facilities and Asset Management. The Expanded Public Works programme is allocated R2.7 billion – for the creation of job opportunities which is transferred to municipalities, provinces and the Independent Development Trust (IDT) for the non-state sector. The Department manages more than 77 000 properties and 29 000 land parcels of which 59 000 are occupied by Departments.

Infrastructure as a Job catalyst

It is the mandate of the Department of Public Works and Infrastructure to oversee the implementation of infrastructure projects that stimulate the growth of the economy. Through ISA, we are implementing the Infrastructure Investment Plan as approved by Cabinet in May 2020, and enhanced the operations of the Infrastructure Fund. To date, 88 SIPs have been gazetted covering foundational infrastructure networks in energy, water & sanitation, transport as well as digital communications infrastructure. The SIPs also cover human settlements, agriculture, energy, water, digital communication infrastructure and agro-processing. As we speak, His Excellency President Cyril Ramaphosa is visiting the Lesotho Highlands Water Scheme which is part of the SIP projects of African solidarity that will deliver water to the Vaal River System in South Africa, and provides water to Gauteng, Free State, Northern Cape and North West.

We will update Honourable Members and fellow citizens that the project sponsors and owners have reported the following progress:

- o Total value of projects completed to date is R21.4 billion – mainly roads, energy and human settlement projects.
- o Total value of projects currently in construction in the country is R 313.5 billion.
- o Projects in procurement are standing at R295.2 billion.
- o The energy sector infrastructure project pipeline registered with ISA includes the R180 billion of embedded generation investment programme, R50 billion of the Risk Mitigation Independent Power Producer Programme (RMIPPP); R12.1 billion for REIPPP programme Bid Window 6; and R50 billion for the same programme for Bid Window 5.
- o ISA has already unlocked as per the provisions of the IDA, 225 MW for Scatec of approximately R16 billion investment and almost 1 GW of solar, wind and PV projects for 3 projects built by Red Rocket South Africa with an investment value of approximately R9.3 billion.

We will further report that our efforts to unlock the pipeline of Green Hydrogen Projects with a value of over R300 billion, has gathered steam. We expect to get the first feasibility reports by September 2023. SASOL in Sasolburg will soon unveil the first hydrogen plant that will catapult our march to renewable energy option and ensure that we catch up with the rest of the developed world.

Among these projects, is the Boegoebaai Green Hydrogen in the Northern Cape with a potential to create around 35 000 work opportunities when it commences.

The Infrastructure Fund Project Pipeline

For the first time in the history of the Budget Facility for Infrastructure (BFI), the allocations for Window 6 was surpassed, owing to quality of project submissions by the Infrastructure Fund. The National Treasury confirmed approvals of blended finance projects through the BFI process that includes bulk water projects, with a total project value of R57.7 billion. The Infrastructure Fund will be structuring and engaging with financial markets to develop financial instruments that will enable investment in projects by private investors and thereby ensure the financial close of these projects. The Infrastructure Fund is earmarking a total of 9 projects amounting to R45 billion. These include the six ports of entry programme, container terminal upgrades and human settlements projects. Infrastructure South Africa that ISA has been allocated R600 million in the MTEF for project preparation, specifically in rural and under-resourced areas.

Resolving the Country's Energy Crisis (Integrated Renewable Energy and Resource Efficiency Programme (iREREP))

We are rolling out what will be the largest programme for the procurement of renewable energy and resource efficiency on the African Continent called the Integrated, Renewable and Resource Efficiency Programme (iREREP). The Department of Public Works is the largest property owner in South Africa. The Phase 1 RFP, will contribute in addressing electricity and water supply challenges as well as reducing waste to landfill by one-million tonnes. The Department of Public Works and Infrastructure (DPWI) together with the Ministry of Electricity, supported by National Treasury's Government Technical Advisory Centre's (GTAC) is finalising, the first Request for Proposals (RFP) under the Integrated Renewable Energy and Resource Efficiency Programme (iREREP/Programme). The RFP for the initial pilot phase was approved by the National Treasury and the last arrangements are underway to have the RFP published to the market by the end of June 2023. This will be followed by the convening of the Bidders Conference for interested parties.

This Programme overall will introduce up to 3 740 MW of equivalent capacity through renewable energy. The envisaged socio-economic benefits include up to R1.3 trillion direct contribution to the GDP, the creation of over 13 100 new small enterprise, an estimated 503 000 jobs, and skills opportunities for at least 475 000 people.

Maintenance of Infrastructure

As a country we cannot always be building. One of the key issues of retaining the value and usability of any property is maintenance. We will be introducing innovative approaches to ensure that infrastructure maintenance by all spheres of government is proactively planned and that budget allocation ring fenced for infrastructure are spent for what they are earmarked for. Infrastructure collapse problems in the country are mounting and we are listening to the voices of the people. Potholes are too common now, water infrastructure is posing a health risk and many more. These difficulties are serious and we will not analyse them further but ensure that they are attended to. Our Expanded Public Works Programme will in the coming months play a key role in supporting maintenance and clean environment programmes.

We have introduced the War Room approach and the establishment of Project Management Units (PMUs) to fast track the implementation of projects and reduce the number of projects that are stalled.

Land Reform Programme

The DPWI continues to play a pivotal role in the battle to return land to its rightful owners as well as restitution to those whose land was forcibly taken away by the apartheid regime. As the custodian of national state-owned land, our Department is often requested to release land to settle land claims for restitution, for human settlements development and land redistribution as part of government's land reform programme.

We have released land to assist the 2022 flood victims to be constructed houses in KwaZulu-Natal. As an example the Department of Human Settlement is building high rise building in Reservoir Hills, the Department approved the released of 2.8 hectares of land in the Msunduzi Municipality.

In January this year, the Department also released 1 199 hectares of land, valued at approximately R7.4million to assist in settling a land restitution claim by the Kaapsche Hoop Community in Mpumalanga. In addition, four properties measuring 2050 hectares has been identified by the DPWI. These are two properties measuring 511 hectares valued at approximately R10 million in Mpumalanga for the Bhembe community and two properties in North West measuring 1539,3 hectares valued at approximately R8 million for the Mekgareng / Broederstroom community which were also released in January 2023 for restitution claims.

The Department is also releasing land parcels in support of infrastructure development. Some 15 hectares (11 land parcels) were approved for registration of servitude for roads, water, electricity and gas pipeline servitudes in the past financial year.

Accommodation and Maintenance issues for the Executive and Public Representative

We are decriing exorbitant amounts of money that are being charged by some service providers in carrying maintenance projects in state properties. We are determined to get to the bottom of these charges and fully understand how they were arrived at. We are launching an investigation into the procurement practices and this must extend to the service providers that rendered these services. The recent episodes of these transactions puts a stain on the public Representatives and portray them as if they have sanctioned such procurements. We disassociate public representatives as they are excluded by law from engaging in procurement matters. Public representatives inherit these properties on appointment to serve the country. We are not surprised that this alarming procurements are now being used by the detractors of government to discredit the leadership of government.

Misrepresentation are being peddled as if public representatives are associated with these excessive finishes. This is a lie and we all agree that this rot must be investigated and actions taken. These are not the private properties of public representatives but they are state assets.

The Future of the Prestige Programme

Going forward we will be submitting recommendations to the structures of government to address the challenges associated with this programme and make it less costly and more affordable. We committed to stem any perception or allegation of wrong doing associated with the maintenance of state properties.

Ports of Entry –Infrastructure to protect our borders

We are upscaling our approach to stop our borders from being porous and guarantee proper infrastructure to secure our ports of entry. We are finalising all issues related to Beitbridge border fence and we should see consequence management unfolding. We are introducing a new integrated approach that will see the collaboration between all structures involved in the management of our border. This will include deployment of technological infrastructure. Our country cannot be turned into a banana republic where everyone move in and out of our borders and undermine our immigration laws. We want to provide safe, secure and proper points of entry for the users of these facilities, both officials of the Border management Agency and the travellers. With respect to Emanguzi, phase 1 of Emanguzi Police Station in Umkhanyakude District, KwaZulu-Natal is completed. The construction of the jersey barriers will soon commence in uMkhanyakude to curb cross border crime.

Harbours –Oceans economy

As part of the contribution to the Oceans economy under Operation Phakisa, the Department has been doing work in rebuilding and refurbishing of small declared harbours along the four coastal provinces of our country. To date, the Department has spent a total of R500 Million on the special intervention repair and maintenance programme to the Proclaimed Fishing Harbours in the Western Cape.

The entire programme thus far has created a total of 672 jobs and empowered local SMME companies to the value of over R61 million. The next phase is to identify opportunities for establishing small harbours in the Eastern Cape (EC), KwaZulu-Natal (KZN) and the Northern Cape (NC). We welcome the involvement of the Chinese government in the feasibility study aimed at developing marine infrastructure that are utilised by the coastal communities. Plans are advance to ensure that the

feasibility in the other coastal provinces commences this financial year.

Mass Employment Creation

Our EPWP Programme has created over a million job opportunities. We will intensify this intervention, however, going forward we want to make more impactful. Yesterday we visited the Bishop Lavis facility that we are refurbishing. We were excited to see that beyond just employment opportunities, beneficiaries are trained on skill such a carpentry, painting, plant and equipment. We want every EPWP participant to exit with skills to be able to graduate to other areas or become SMMes to contribute to the economy. We will see this programme adding more impact and value in the maintenance, greening and clean environment in the country.

For the 2023/24 financial year, the main vote will be spending the following allocation in the EPWP for the following sectors:

- o R1.2 billion in the Infrastructure Sector, through the Integrated Grant Incentives for Provinces and Municipalities.
- o R1 billion for the Non-state Sector Programme implemented through the Independent Development Trust
- o R426 million for the Social Sector EPWP Integrated Grant for Provinces.

As the public sector we are projecting to spend R903 billion on infrastructure over the medium-term. The largest portion of this, around R448 billion, will be spent by state-owned companies, public entities and through public-private partnerships. This is creating more jobs to fight unemployment. Dealing with the construction Mafia.

Stopping the Construction mafias

We welcome the progress that has been made by the police in dealing with the criminal elements that are disrupting construction sites and involved in extortions. The police have effected arrests and some of the members of this construction mafia are behind bars. We re-iterate our position that our law enforcement agencies will stand against those who invade, intimidate and disrupt construction sites. We will support those who want to be part of the construction work being undertaken through legal means. Everyone is allowed to partake in economic activity in the country but this must be done in a legal and orderly fashion.

PMTE

We are announcing an amount of R 983.7 million for specific infrastructure projects in the current year under our PMTE programme:

- o R71 million is allocated for precinct development which also includes the contribution towards the installation of bulk services at the new precinct development at Salvokop in Pretoria.
- o R350 million is allocated for the Repairs and Maintenance of the 53 Land Ports of Entry.
- o R90 million for Dolomite Risk Management where Government buildings are at risk to collapse because of sinkholes and dolomitic problems as at Waterkloof Air Force Base and the Olifantsfontein Trade Test Centre in Ekurhuleni.
- o The balance of R225 million will be allocated to various other projects on DPWI occupied buildings, of which the upgrading of its workshop in Pretoria is a project of note.

Rebuilding of Parliament

The process to rebuild Parliament following the unfortunate incident of fire is progressing well. The Speaker and the Development Bank of Southern Africa will give a detailed update. We on our side as responsible for all state infrastructure will continue to play our part.

Conclusion

We are repositioning the Department of Public Works and Infrastructure as a key role player in the Economic recovery and reconstruction programme of the country. We are renewing the way of doing things within the department and introducing a performance driven attitude and approach. The department must be proactive in ensuring that projects are delivered on time, within budget and our projects must be of good and high quality. We want to do away with the perception that the department is a milk cow. The Department of Public Works and Infrastructure must not be associated with poor infrastructure delivery and spending. We intend to move swiftly in responding to project delays and implementing interventions to remove obstacles hindering infrastructure delivery in South Africa. In this budget we have embarked on the path to reclaim our reputation as the “trusted provider of key infrastructure, government property specialist and transformer of the country’s spatial landscapes for the betterment of the lives our citizens”.

I Thank you

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